



# Annexure One Financial Statements

Annual Report  
2014/2015

# Narromine Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2015

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*To enhance our Shire's image, lifestyle and  
environment through effective leadership, community  
involvement and commitment to service.*



# Narromine Shire Council

## General Purpose Financial Statements for the financial year ended 30 June 2015

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### Overview

- (i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for Narromine Shire Council.
- (ii) Narromine Shire Council is a body politic of NSW, Australia - being constituted as a Local Government area by proclamation and is duly empowered by the Local Government Act (LGA) 1993 of NSW.

Council's Statutory Charter is detailed in Paragraph 8 of the LGA and includes giving Council:

- the ability to provide goods, services & facilities, and to carry out activities appropriate to the current & future needs of the local community and of the wider public,
- the responsibility for administering regulatory requirements under the LGA and
- a role in the management, improvement and development of the resources in the area.

A description of the nature of Council's operations and its principal activities are provided in Note 2(b).

- (iii) All figures presented in these financial statements are presented in Australian Currency.
- (iv) These financial statements were authorised for issue by the Council on 21 October 2015. Council has the power to amend and reissue these financial statements.

# Narrromine Shire Council

## General Purpose Financial Statements for the financial year ended 30 June 2015

### Statement by Councillors and Management made pursuant to Section 413(2)(c) of the Local Government Act 1993 (as amended)

The attached **General Purpose Financial Statements** have been prepared in accordance with:

- The Local Government Act 1993 (as amended) and the Regulations made thereunder,
- The Australian Accounting Standards and professional pronouncements, and
- The Local Government Code of Accounting Practice and Financial Reporting.


To the best of our knowledge and belief, these **Financial Statements**:

- present fairly the Council's operating result and financial position for the year, and
- accords with Council's accounting and other records.

We are not aware of any matter that would render the Reports false or misleading in any way.

Signed in accordance with a resolution of Council made on 09 September 2015.

  
Bill McAnally  
MAYOR

  
Susan McCutcheon  
COUNCILLOR

  
Greg Lamont  
GENERAL MANAGER

  
Yvonne Clarke  
RESPONSIBLE ACCOUNTING OFFICER

## Narromine Shire Council

## Income Statement

for the financial year ended 30 June 2015

Budget <sup>1</sup>			Actual	Actual
2015	\$ '000	Notes	2015	2014
<b>Income from Continuing Operations</b>				
<i>Revenue:</i>				
7,438	Rates & Annual Charges	3a	7,211	6,975
2,819	User Charges & Fees	3b	2,597	2,679
837	Interest & Investment Revenue	3c	769	809
430	Other Revenues	3d	478	608
6,939	Grants & Contributions provided for Operating Purposes	3e,f	7,238	4,813 <sup>2</sup>
1,070	Grants & Contributions provided for Capital Purposes	3e,f	815	1,575
<i>Other Income:</i>				
-	Associates using the equity method	19	4	-
<b>19,533</b>	<b>Total Income from Continuing Operations</b>		<b>19,112</b>	<b>17,459</b>
<b>Expenses from Continuing Operations</b>				
7,112	Employee Benefits & On-Costs	4a	7,088	6,618
150	Borrowing Costs	4b	123	61
3,500	Materials & Contracts	4c	2,856	3,462
5,459	Depreciation & Amortisation	4d	5,166	5,369
2,355	Other Expenses	4e	2,225	2,314
-	Net Losses from the Disposal of Assets	5	249	170
-	Net Share of interests in Joint Ventures & Associates using the equity method	19	-	4
<b>18,576</b>	<b>Total Expenses from Continuing Operations</b>		<b>17,707</b>	<b>17,998</b>
<b>957</b>	<b>Operating Result from Continuing Operations</b>		<b>1,405</b>	<b>(539)</b>
<b>957</b>	<b>Net Operating Result for the Year</b>		<b>1,405</b>	<b>(539)</b>
957	Net Operating Result attributable to Council		1,405	(539)
-	Net Operating Result attributable to Non-controlling Interests		-	-
<b>(113)</b>	<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>		<b>590</b>	<b>(2,114)</b>

<sup>1</sup> Original Budget as approved by Council - refer Note 16

<sup>2</sup> Financial Assistance Grants for 13/14 were lower reflecting one off timing differences due to a change in how the grant was paid in prior years - refer Note 3 (e)

## Narromine Shire Council

## Statement of Comprehensive Income

for the financial year ended 30 June 2015

\$ '000	Notes	Actual 2015	Actual 2014
<b>Net Operating Result for the year</b> (as per Income statement)		<b>1,405</b>	<b>(539)</b>
<b>Other Comprehensive Income:</b>			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	149,578	621
<b>Total Items which will not be reclassified subsequently to the Operating Result</b>		<b>149,578</b>	<b>621</b>
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Nil			
<b>Total Other Comprehensive Income for the year</b>		<b>149,578</b>	<b>621</b>
<b>Total Comprehensive Income for the Year</b>		<b>150,983</b>	<b>82</b>
Total Comprehensive Income attributable to Council		150,983	82
Total Comprehensive Income attributable to Non-controlling Interests		-	-

## Narromine Shire Council

## Statement of Financial Position

as at 30 June 2015

\$ '000	Notes	Actual 2015	Actual 2014
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	6a	2,842	4,900
Investments	6b	19,000	15,500
Receivables	7	1,707	1,720
Inventories	8	1,057	713
Other	8	36	28
Non-current assets classified as "held for sale"	22	-	16
<b>Total Current Assets</b>		<b>24,642</b>	<b>22,877</b>
<b>Non-Current Assets</b>			
Receivables	7	177	147
Inventories	8	-	-
Infrastructure, Property, Plant & Equipment	9	286,330	134,341
Investments accounted for using the equity method	19	213	209
<b>Total Non-Current Assets</b>		<b>286,720</b>	<b>134,697</b>
<b>TOTAL ASSETS</b>		<b>311,362</b>	<b>157,574</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	10	1,359	1,424
Borrowings	10	334	84
Provisions	10	1,959	1,862
<b>Total Current Liabilities</b>		<b>3,652</b>	<b>3,370</b>
<b>Non-Current Liabilities</b>			
Borrowings	10	3,381	837
Provisions	10	70	91
<b>Total Non-Current Liabilities</b>		<b>3,451</b>	<b>928</b>
<b>TOTAL LIABILITIES</b>		<b>7,103</b>	<b>4,298</b>
<b>Net Assets</b>		<b>304,259</b>	<b>153,276</b>
<b>EQUITY</b>			
Retained Earnings	20	119,538	118,133
Revaluation Reserves	20	184,721	35,143
<b>Total Equity</b>		<b>304,259</b>	<b>153,276</b>

## Narromine Shire Council

Statement of Changes in Equity  
for the financial year ended 30 June 2015

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
<b>2015</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		118,133	35,143	153,276	-	153,276
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance</b> (as at 1/7/14)		<b>118,133</b>	<b>35,143</b>	<b>153,276</b>	-	<b>153,276</b>
<b>c. Net Operating Result for the Year</b>		<b>1,405</b>	-	<b>1,405</b>	-	<b>1,405</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (i)	-	149,578	149,578	-	149,578
<b>Other Comprehensive Income</b>		-	<b>149,578</b>	<b>149,578</b>	-	<b>149,578</b>
<b>Total Comprehensive Income (c&amp;d)</b>		<b>1,405</b>	<b>149,578</b>	<b>150,983</b>	-	<b>150,983</b>
<b>Equity - Balance at end of the reporting period</b>		<b>119,538</b>	<b>184,721</b>	<b>304,259</b>	-	<b>304,259</b>

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
<b>2014</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		118,672	34,522	153,194	-	153,194
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance</b> (as at 1/7/13)		<b>118,672</b>	<b>34,522</b>	<b>153,194</b>	-	<b>153,194</b>
<b>c. Net Operating Result for the Year</b>		<b>(539)</b>	-	<b>(539)</b>	-	<b>(539)</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (i)	-	621	621	-	621
<b>Other Comprehensive Income</b>		-	<b>621</b>	<b>621</b>	-	<b>621</b>
<b>Total Comprehensive Income (c&amp;d)</b>		<b>(539)</b>	<b>621</b>	<b>82</b>	-	<b>82</b>
<b>Equity - Balance at end of the reporting period</b>		<b>118,133</b>	<b>35,143</b>	<b>153,276</b>	-	<b>153,276</b>



## Narromine Shire Council

## Statement of Cash Flows

for the financial year ended 30 June 2015

Budget 2015	\$ '000	Notes	Actual 2015	Actual 2014
<b>Cash Flows from Operating Activities</b>				
<b>Receipts:</b>				
7,327	Rates & Annual Charges		7,176	7,089
2,802	User Charges & Fees		2,758	2,851
889	Investment & Interest Revenue Received		788	809
7,738	Grants & Contributions		8,234	6,808
-	Bonds, Deposits & Retention amounts received		27	44
621	Other		852	1,067
<b>Payments:</b>				
(6,978)	Employee Benefits & On-Costs		(6,934)	(6,617)
(3,621)	Materials & Contracts		(3,847)	(3,213)
(136)	Borrowing Costs		(119)	(62)
-	Bonds, Deposits & Retention amounts refunded		(33)	(41)
(2,411)	Other		(2,511)	(3,036)
<b>6,231</b>	<b>Net Cash provided (or used in) Operating Activities</b>	11b	<b>6,391</b>	<b>5,699</b>
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
38,500	Sale of Investment Securities		35,500	38,200
1,140	Sale of Real Estate Assets		377	-
-	Sale of Infrastructure, Property, Plant & Equipment		404	262
<b>Payments:</b>				
(37,899)	Purchase of Investment Securities		(39,000)	(37,500)
(10,150)	Purchase of Infrastructure, Property, Plant & Equipment		(8,116)	(5,923)
(1,121)	Purchase of Real Estate Assets		(408)	(59)
<b>(9,530)</b>	<b>Net Cash provided (or used in) Investing Activities</b>		<b>(11,243)</b>	<b>(5,020)</b>
<b>Cash Flows from Financing Activities</b>				
<b>Receipts:</b>				
1,649	Proceeds from Borrowings & Advances		3,000	-
<b>Payments:</b>				
(197)	Repayment of Borrowings & Advances		(206)	(79)
<b>1,452</b>	<b>Net Cash Flow provided (used in) Financing Activities</b>		<b>2,794</b>	<b>(79)</b>
<b>(1,847)</b>	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		<b>(2,058)</b>	<b>600</b>
2,915	plus: Cash & Cash Equivalents - beginning of year	11a	4,900	4,300
<b>1,068</b>	<b>Cash &amp; Cash Equivalents - end of the year</b>	11a	<b>2,842</b>	<b>4,900</b>
Additional Information:				
	plus: Investments on hand - end of year	6b	19,000	15,500
<b>Total Cash, Cash Equivalents &amp; Investments</b>			<b>21,842</b>	<b>20,400</b>

Please refer to Note 11 for additional cash flow information

## Narromine Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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n/a - not applicable

## Narromine Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Council in the preparation of these consolidated financial statements are set out below in order to assist in its general understanding.

Under Australian Accounting Standards (AASBs), accounting policies are defined as those specific principles, bases, conventions, rules and practices applied by a reporting entity (in this case Council) in preparing and presenting its financial statements.

##### (a) Basis of preparation

###### (i) Background

These financial statements are general purpose financial statements which have been prepared in accordance with:

- Australian Accounting Standards and Australian Accounting Interpretations issued by the Australian Accounting Standards Board,
- the Local Government Act (1993) & Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

For the purpose of preparing these financial statements, Council has been deemed to be a not-for-profit entity.

###### (ii) Compliance with International Financial Reporting Standards (IFRSs)

Because AASBs are sector neutral, some standards either:

- (a) have local Australian content and prescription that is specific to the Not-For-Profit sector (including Local Government) which are not in compliance with IFRS's, or
- (b) specifically exclude application by Not for Profit entities.

Accordingly in preparing these financial statements and accompanying notes, Council has been unable to comply fully with International Accounting Standards, but has complied fully with Australian Accounting Standards.

Under the Local Government Act (LGA), Regulations and Local Government Code of Accounting Practice & Financial Reporting, it should be noted that Councils in NSW only have a requirement to comply with AASBs.

###### (iii) New and amended standards adopted by Council

There were no accounting standards that became mandatory this year which materially impacted on Council's financial statements.

###### (iv) Early adoption of Accounting Standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2014.

Refer further to paragraph (aa) relating to a summary of the effects of Standards with future operative dates.

###### (v) Basis of Accounting

These financial statements have been prepared under the **historical cost convention** except for:

- (i) certain financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets which are all valued at fair value,
- (ii) the write down of any Asset on the basis of Impairment (if warranted) and
- (iii) certain classes of non current assets (eg. Infrastructure, Property, Plant & Equipment and Investment Property) that are accounted for at fair valuation.

The accrual basis of accounting has also been applied in their preparation.

###### (vi) Changes in Accounting Policies

Council's accounting policies have been consistently applied to all the years presented, unless otherwise stated.

There have also been no changes in accounting policies when compared with previous financial statements unless otherwise stated [refer Note 20(d)].

## Narromine Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 1. Summary of Significant Accounting Policies

### (vii) Critical Accounting Estimates

The preparation of financial statements requires the use of certain critical accounting estimates (in conformity with AASBs).

Accordingly this requires management to exercise its judgement in the process of applying the Council's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on Council and that are believed to be reasonable under the circumstances.

#### **Critical accounting estimates and assumptions**

Council makes estimates and assumptions concerning the future.

The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

- (i) Estimated fair values of infrastructure, property, plant and equipment.

#### **Critical judgements in applying Council's accounting policies**

- (i) Impairment of Receivables - Council has made a significant judgement about the impairment of a number of its receivables in Note 7.

### (b) Revenue recognition

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to it and specific criteria have been met for each of the Council's activities as described below.

Council bases any estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is measured on major income categories as follows:

#### **Rates, Annual Charges, Grants and Contributions**

Rates, annual charges, grants and contributions (including developer contributions) are recognised as revenues when the Council obtains control over the assets comprising these receipts.

Control over assets acquired from rates and annual charges is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates.

A provision for the impairment on rates receivables has not been established as unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

Control over granted assets is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and is valued at their fair value at the date of transfer.

Revenue from Contributions is recognised when the Council either obtains control of the contribution or the right to receive it, (i) it is probable that the economic benefits comprising the contribution will flow to the Council and (ii) the amount of the contribution can be measured reliably.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in Note 3(g).

Note 3(g) also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

The Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of S94 of the EPA Act 1979.

Whilst Council generally incorporates these amounts as part of a Development Consents Order, such developer contributions are only recognised as income upon their physical receipt by Council, due to the possibility that individual Development Consents

## Narromine Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

may not be acted upon by the applicant and accordingly would not be payable to Council.

Developer contributions may only be expended for the purposes for which the contributions were required but the Council may apply contributions according to the priorities established in work schedules.

A detailed Note relating to developer contributions can be found at Note 17.

##### User Charges, Fees and Other Income

User charges, fees and other income (including parking fees and fines) are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs.

A provision for the impairment of these receivables is recognised when collection in full is no longer probable.

A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided as at balance date.

##### Sale of Infrastructure, Property, Plant and Equipment

The profit or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer.

##### Interest and Rents

Rental income is accounted for on a straight-line basis over the lease term.

Interest Income from Cash & Investments is accounted for using the effective interest rate at the date that interest is earned.

##### Dividend Income

Revenue is recognised when the Council's right to receive the payment is established, which is generally when shareholders approve the dividend.

##### Other Income

Other income is recorded when the payment is due, the value of the payment is notified or the payment is received, whichever occurs first.

##### (c) Principles of Consolidation

These financial statements incorporate (i) the assets and liabilities of Council and any entities (or operations) that it controls (as at 30 June 2015) and (ii) all the related operating results (for the financial year ended the 30th June 2015).

Detailed information relating to the entities that Council Controls can be found at Note 19 (a).

In the process of reporting on Council's activities as a single unit, all inter-entity year end balances and reporting period transactions have been eliminated in full between Council and its controlled entities.

##### (i) The Consolidated Fund

In accordance with the provisions of Section 409(1) of the LGA 1993, all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund.

The Consolidated Fund and other entities through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this report.

The following entities have been included as part of the Consolidated Fund:

- General Purpose Operations
- Water Supply
- Sewerage Service
- Macquarie Valley Family Day Care

##### (ii) The Trust Fund

In accordance with the provisions of Section 411 of the Local Government Act 1993 (as amended), a separate and distinct Trust Fund is maintained to account for all money and property received by the Council in trust which must be applied only for the purposes of or in accordance with the trusts relating to those monies.

Trust monies and property subject to Council's control have been included in these statements.

Trust monies and property held by Council but not subject to the control of Council, have been excluded from these statements.

## Narromine Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

A separate statement of monies held in the Trust Fund is available for inspection at the Council office by any person free of charge.

##### (iii) Joint Arrangements

Council has no interest in any Joint Arrangements.

##### Joint Ventures

Joint Ventures represent operational arrangements where the parties joint control parties have rights to the net assets of the arrangement.

Any interests in Joint Ventures are accounted for using the equity method and are carried at cost.

Under the equity method, Council's share of the operation's profits/(losses) are recognised in the income statement, and its share of movements in retained earnings & reserves are recognised in the balance sheet.

Detailed information relating to Council's Joint Ventures can be found at Note 19 (b).

##### (iv) Associates

Council has no interest in any Associates.

##### (v) County Councils

Council is not a member of any County Councils.

##### (vi) Unconsolidated Structured Entities

Council has no interest in any Unconsolidated Structured Entities.

##### (d) Leases

All Leases entered into by Council are reviewed and classified on inception date as either a Finance Lease or an Operating Lease.

##### Finance Leases

Leases of property, plant and equipment where the Council has substantially all the risks and rewards of ownership are classified as finance leases.

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased

property and the present value of the minimum lease payments.

The corresponding rental obligations, net of finance charges, are included in borrowings.

Each lease payment is allocated between the liability outstanding and the recognition of a finance charge.

The interest element of the finance charge is costed to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases is depreciated over the shorter of each leased asset's useful life and the lease term.

##### Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

##### (e) Cash and Cash Equivalents

For Statement of Cash Flows (and Statement of Financial Position) presentation purposes, cash and cash equivalents includes;

- cash **on hand**,
- deposits held **at call** with financial institutions,
- other short-term, highly liquid investments **with original maturities of three months or less** that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and
- bank overdrafts.



## Narromine Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

Bank overdrafts are shown within borrowings in current liabilities on the balance sheet but are incorporated into Cash & Cash Equivalents for presentation of the Cash Flow Statement.

##### (f) Investments and Other Financial Assets

Council (in accordance with AASB 139) classifies each of its investments into one of the following categories for measurement purposes:

- **financial assets at fair value through profit or loss,**
- **loans and receivables,**
- **held-to-maturity investments,** and
- **available-for-sale financial assets.**

Each classification depends on the purpose/intention for which the investment was acquired & at the time it was acquired.

Management determines each Investment classification at the time of initial recognition and re-evaluates this designation at each reporting date.

##### (i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are "held for trading".

A financial asset is classified in the "held for trading" category if it is acquired principally for the purpose of selling in the short term.

Assets in this category are primarily classified as current assets as they are primarily held for trading &/or are expected to be realised within 12 months of the balance sheet date.

##### (ii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market.

They arise when the Council provides money, goods or services directly to a debtor with no intention (or in some cases ability) of selling the resulting receivable.

They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets.

##### (iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity.

In contrast to the "Loans & Receivables" classification, these investments are generally quoted in an active market.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

##### (iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

Investments must be designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Accordingly, this classification principally comprises marketable equity securities, but can include all types of financial assets that could otherwise be classified in one of the other investment categories.

They are generally included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date or the term to maturity from the reporting date is less than 12 months.

##### Financial Assets – Reclassification

Council may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term.

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a

## Narromine Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

single event that is unusual and highly unlikely to recur in the near term.

Council may also choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if it has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

#### General Accounting & Measurement of Financial Instruments:

##### (i) Initial Recognition

Investments are initially recognised (and measured) at fair value, plus in the case of investments not at "fair value through profit or loss", directly attributable transactions costs

Purchases and sales of investments are recognised on trade-date - the date on which the Council commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

##### (ii) Subsequent Measurement

**Available-for-sale financial assets and financial assets at fair value through profit and loss** are subsequently carried at fair value.

**Loans and receivables and held-to-maturity investments** are carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of the financial assets classified as "**fair value through profit or loss**" category are included in the income statement in the period in which they arise.

Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as "**available-for-sale**" are recognised in equity in the available-for-sale investments revaluation reserve.

When securities classified as "**available-for-sale**" are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

#### Impairment

Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

##### (iii) Types of Investments

Council has an approved Investment Policy in order to undertake its investment of money in accordance with (and to comply with) Section 625 of the Local Government Act and S212 of the LG (General) Regulation 2005.

Investments are placed and managed in accordance with the Policy and having particular regard to authorised investments prescribed under the Ministerial Local Government Investment Order.

Council maintains its investment Policy in compliance with the Act and ensures that it or its representatives exercise care, diligence and skill that a prudent person would exercise in investing Council funds.

Council amended its policy following revisions to the Ministerial Local Government Investment Order arising from the Cole Inquiry recommendations. Certain investments that Council holds are no longer prescribed (eg. managed funds, CDOs, and equity



## Narromine Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

linked notes), however they have been retained under grandfathering provisions of the Order. These will be disposed of when most financially advantageous to Council.

##### **(g) Fair value estimation**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques.

Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held.

If the market for a financial asset is not active (and for unlisted securities), the Council establishes fair value by using valuation techniques.

These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

##### **(h) Receivables**

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less any provision for impairment.

Receivables (excluding Rates & Annual Charges) are generally due for settlement no more than 30 days from the date of recognition.

The collectibility of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off in accordance with Council's policy.

A provision for impairment (ie. an allowance account) relating to receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of each receivable.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Impairment losses are recognised in the Income Statement within other expenses.

When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account.

Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

##### **(i) Inventories**

###### **Raw Materials and Stores, Work in Progress and Finished Goods**

Raw materials and stores, work in progress and finished goods in respect of business undertakings are all stated at the lower of cost and net realisable value.

Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

## Narromine Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

Costs are assigned to individual items of inventory on the basis of weighted average costs.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventories held in respect of non-business undertakings have been valued at cost subject to adjustment for loss of service potential.

#### Land Held for Resale/Capitalisation of Borrowing Costs

Land held for resale is stated at the lower of cost and net realisable value.

Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development.

When development is completed borrowing costs and other holding charges are expensed as incurred.

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made.

Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

#### (j) Infrastructure, Property, Plant and Equipment (I,PP&E)

##### Acquisition of assets

Council's non current assets are continually revalued (over a 5 year period) in accordance with the fair valuation policy as mandated by the Office of Local Government.

At balance date, the following classes of I,PP&E were stated at their Fair Value:

- **Plant and Equipment**  
(as approximated by depreciated historical cost)
- **Operational Land** (External Valuation)
- **Community Land** (Internal Valuation)

- **Buildings – Specialised/Non Specialised**  
(External Valuation)
- **Other Structures**  
(as approximated by depreciated historical cost)
- **Roads Assets incl. roads, bridges & footpaths**  
(External Valuation)
- **Bulk Earthworks** (External Valuation)
- **Stormwater Drainage** (External Valuation)
- **Water and Sewerage Networks**  
(Internal Valuation)
- **Swimming Pools**  
(Internal Valuation)
- **Other Open Space/Recreational Assets**  
(Internal Valuation)
- **Other Infrastructure**  
(Internal Valuation)
- **Other Assets**  
(as approximated by depreciated historical cost)
- **Investment Properties** – refer Note 1(p),

##### Initial Recognition

On initial recognition, an assets cost is measured at its fair value, plus all expenditure that is directly attributable to the acquisition.

Where settlement of any part of an asset's cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of recognition (ie. date of exchange) of the asset to arrive at fair value.

The discount rate used is the Council's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Where infrastructure, property, plant and equipment assets are acquired for no cost or for an amount other than cost, the assets are recognised in the financial statements at their fair value at acquisition date - being the amount that the asset could have been exchanged between knowledgeable willing parties in an arm's length transaction.

## Narromine Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

##### Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

##### Asset Revaluations (including Indexation)

In accounting for Asset Revaluations relating to Infrastructure, Property, Plant & Equipment:

- Increases in the combined carrying amounts of asset classes arising on revaluation are credited to the asset revaluation reserve.
- To the extent that a net asset class increase reverses a decrease previously recognised via the profit or loss, then increase is first recognised in profit or loss.
- Net decreases that reverse previous increases of the same asset class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset, with all other decreases charged to the Income statement.

Water and sewerage network assets are indexed annually between full revaluations in accordance with the latest indices provided in the NSW Office of Water - Rates Reference Manual.

For all other assets, Council assesses at each reporting date whether there is any indication that a revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date.

If any such indication exists, Council determines the asset's fair value and revalues the asset to that amount.

Full revaluations are undertaken for all assets on a 5 year cycle.

##### Capitalisation Thresholds

Items of infrastructure, property, plant and equipment are not capitalised unless their cost of acquisition exceeds the following:

<b>Land</b>	
- council land	100% Capitalised
- open space	100% Capitalised
- land under roads (purchases after 30/6/08)	100% Capitalised

##### Plant & Equipment

Office Furniture	> \$1,000
Office Equipment	> \$1,000

Other Plant & Equipment	> \$1,000
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##### Buildings & Land Improvements

Park Furniture & Equipment	> \$2,000
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<b>Building</b>	
- construction/extensions	100% Capitalised
- renovations	> \$10,000

Other Structures	> \$2,000
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##### Water & Sewer Assets

Reticulation extensions	> \$3,000
Other	> \$3,000

##### Stormwater Assets

Drains & Culverts	> \$5,000
Other	> \$5,000

##### Transport Assets

Road construction & reconstruction	> \$10,000
Reseal/Re-sheet & major repairs	> \$10,000
Bridge construction & reconstruction	> \$10,000

##### Other Infrastructure Assets

Swimming Pools	> \$10,000
Other Open Space/Recreational Assets	> \$10,000

Other Infrastructure	> \$10,000
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##### Depreciation

Depreciation on Council's infrastructure, property, plant and equipment assets is calculated using the straight line method in order to allocate an assets

## Narromine Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

cost (net of residual values) over its estimated useful life.

Land is not depreciated.

Estimated useful lives for Council's I,PP&E include:

##### Plant & Equipment

- Office Equipment	5 to 10 years
- Office furniture	10 to 20 years
- Computer Equipment	4 years
- Vehicles	5 to 8 years
- Heavy Plant/Road Making equip.	5 to 8 years
- Other plant and equipment	5 to 15 years

##### Other Equipment

- Playground equipment	5 to 15 years
- Benches, seats etc	10 to 20 years

##### Buildings

- Buildings : Masonry	50 to 100 years
- Buildings : Other	20 to 40 years

##### Water & Sewer Assets

- Dams and reservoirs	80 to 100 years
- Bores	20 to 40 years
- Reticulation pipes : PVC	80 years
- Reticulation pipes : Other	25 to 75 years
- Pumps and telemetry	15 to 20 years

##### Stormwater Assets

- Drains	80 to 100 years
- Culverts	50 to 80 years

##### Transportation Assets

- Sealed Roads : Surface	15 to 25 years
- Sealed Roads : Structure	20 to 50 years
- Unsealed roads	10 to 25 years
- Bridge : Concrete	80 to 100 years

##### Other Infrastructure Assets

- Bulk earthworks	Infinite
- Swimming Pools	X years
- Other Open Space/ Recreational Assets	X years
- Other Infrastructure	X years

All asset residual values and useful lives are reviewed and adjusted (if appropriate), at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount – refer Note 1(s) on Asset Impairment.

##### Disposal and De-recognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in Council's Income Statement in the year the asset is derecognised.

##### (k) Land

Land (other than Land under Roads) is in accordance with Part 2 of Chapter 6 of the Local Government Act (1993) classified as either Operational or Community.

This classification of Land is disclosed in Note 9(a).

##### (l) Land under roads

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips.

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051.

##### (m) Intangible Assets

Council has not classified any assets as Intangible.

## Narromine Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

##### (n) Crown Reserves

Crown Reserves under Council's care and control are recognised as assets of the Council.

While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

Improvements on Crown Reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating the reserves are recognised within Council's Income Statement.

Representations are currently being sought across State and Local Government to develop a consistent accounting treatment for Crown Reserves across both tiers of government.

##### (o) Rural Fire Service assets

Under section 119 of the Rural Fires Act 1997, *"all fire fighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the fire fighting equipment has been purchased or constructed"*.

At present, the accounting for such fire fighting equipment is not treated in a consistent manner across all Councils.

Until such time as discussions on this matter have concluded and the legislation changed, Council will continue to account for these assets as it has been doing in previous years, which is to exclude the assets, their values and depreciation charges from these financial statements.

##### (p) Investment property

Council has not classified any Land or Buildings as Investment Property.

##### (q) Non-Current Assets (or Disposal Groups) "Held for Sale" & Discontinued Operations

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of either (i) their carrying amount and (ii) fair value less costs to sell, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The exception to this is plant and motor vehicles which are turned over on a regular basis. Plant and motor vehicles are retained in Non Current Assets under the classification of Infrastructure, Property, Plant and Equipment - unless the assets are to be traded in after 30 June and the replacement assets were already purchased and accounted for as at 30 June.

For any assets or disposal groups classified as Non-Current Assets "held for sale", an impairment loss is recognised at any time when the assets carrying value is greater than its fair value less costs to sell.

Non-current assets "held for sale" are not depreciated or amortised while they are classified as "held for sale".

Non-current assets classified as "held for sale" are presented separately from the other assets in the balance sheet.

A Discontinued Operation is a component of Council that has been disposed of or is classified as "held for sale" and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale.

The results of discontinued operations are presented separately on the face of the income statement.

##### (r) Impairment of assets

All Council's I,PP&E is subject to an annual assessment of impairment.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in

## Narromine Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where an asset is not held principally for cash generating purposes (for example Infrastructure Assets) and would be replaced if the Council was deprived of it then depreciated replacement cost is used as value in use, otherwise value in use is estimated by using a discounted cash flow model.

Non-financial assets (other than goodwill) that suffered a prior period impairment are reviewed for possible reversal of the impairment at each reporting date.

Goodwill & other Intangible Assets that have an indefinite useful life and are not subject to amortisation are tested annually for impairment.

#### (s) Payables

These amounts represent liabilities and include goods and services provided to the Council prior to the end of financial year which are unpaid.

The amounts for goods and services are unsecured and are usually paid within 30 days of recognition.

#### (t) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred.

Borrowings are subsequently measured at amortised cost.

Amortisation results in any difference between the proceeds (net of transaction costs) and the redemption amount being recognised in the Income Statement over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

#### (u) Borrowing costs

Borrowing costs are expensed.

#### (v) Provisions

Provisions for legal claims, service warranties and other like liabilities are recognised when:

- Council has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

The increase in the provision due to the passage of time is recognised as interest expense.



## Narromine Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

##### **(w) Employee benefits**

###### **(i) Short Term Obligations**

Short term employee benefit obligations include liabilities for wages and salaries (including non-monetary benefits), annual leave and vesting sick leave expected to be wholly settled within the 12 months after the reporting period.

Leave liabilities are recognised in the provision for employee benefits in respect of employees' services up to the reporting date with other short term employee benefit obligations disclosed under payables.

These provisions are measured at the amounts expected to be paid when the liabilities are settled.

All other short-term employee benefit obligations are presented as payables.

Liabilities for non vesting sick leave are recognised at the time when the leave is taken and measured at the rates paid or payable, and accordingly no Liability has been recognised in these reports.

Wages & salaries, annual leave and vesting sick leave are all classified as Current Liabilities.

###### **(ii) Other Long Term Obligations**

The liability for all long service and annual leave in respect of services provided by employees up to the reporting date (which is not expected to be wholly settled within the 12 months after the reporting period) are recognised in the provision for employee benefits.

These liabilities are measured at the present value of the expected future payments to be made using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are then discounted using market yields at the reporting date based on national government bonds with terms to maturity and currency that match as closely as possible the estimated future cash outflows.

Due to the nature of when and how Long Service Leave can be taken, all Long Service Leave for employees with 4 or more years of service has been classified as Current, as it has been deemed that Council does not have the unconditional right to defer settlement beyond 12 months – even though it is not anticipated that all employees with more than 4 years service (as at reporting date) will apply for and take their leave entitlements in the next 12 months.

###### **(iii) Retirement benefit obligations**

All employees of the Council are entitled to benefits on retirement, disability or death.

Council contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

###### **Defined Benefit Plans**

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the balance sheet, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost.

The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

However, when this information is not reliably available, Council can account for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans – i.e. as an expense when they become payable.

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named the "Local Government Superannuation Scheme – Pool B"

This Scheme has been deemed to be a "multi employer fund" for the purposes of AASB 119.

## Narromine Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

Sufficient information is not available to account for the Scheme as a defined benefit plan (in accordance with AASB 119) because the assets to the scheme are pooled together for all Councils.

The last valuation of the Scheme was performed by Mr Martin Stevenson (BSc, FIA, FIAA) on 20/02/2013 and covers the period ended 30/06/2012.

However the position is monitored annually and the Actuary has estimated that as at 30 June 2015 the prior period deficit still exists.

Effective from 1 July 2009, employers are required to contribute additional contributions to assist in extinguishing this deficit.

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a) for the year ending 30 June 2015 was \$185,206.90.

The amount of additional contributions included in the total employer contribution advised above is \$83,897.

The share of this deficit that can be broadly attributed to Council is estimated to be in the order of \$ 83,897 as at 30 June 2015.

Council's share of that deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils.

For this reason, no liability for the deficiency has been recognised in these financial statements.

Council has, however, disclosed a contingent liability in Note 18 to reflect the possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

#### Defined Contribution Plans

Contributions to Defined Contribution Plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

#### (iv) Employee Benefit On-Costs

Council has recognised at year end the aggregate on-cost liabilities arising from employee benefits, and in particular those on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30/06/15.

#### (x) Self insurance

Council does not self insure.

#### (y) Allocation between current and non-current assets & liabilities

In the determination of whether an asset or liability is classified as current or non-current, consideration is given to the time when each asset or liability is expected to be settled.

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle.

#### Exceptions

In the case of liabilities where Council does not have the unconditional right to defer settlement beyond 12 months (such as vested long service leave), the liability is classified as current even if not expected to be settled within the next 12 months.

In the case of inventories that are "held for trading", these are also classified as current even if not expected to be realised in the next 12 months.

#### (z) Taxes

The Council is exempt from both Commonwealth Income Tax and Capital Gains Tax.

Council does however have to comply with both Fringe Benefits Tax and Goods and Services Tax (GST).



## Narromine Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

##### Goods & Services Tax (GST)

Income, expenses and assets are all recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO).

In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue / expense.

Receivables and payables within the Balance Sheet are stated inclusive of any applicable GST.

The net amount of GST recoverable from or payable to the ATO is included as a current asset or current liability in the Balance Sheet.

Operating cash flows within the Cash Flow Statement are on a gross basis, ie. they are inclusive of GST where applicable.

Investing and Financing cash flows are treated on a net basis (where recoverable from the ATO), ie. they are exclusive of GST. Instead, the GST component of investing and financing activity cash flows which are recoverable from or payable to the ATO are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from (or payable to) the ATO.

##### (aa) New accounting standards and interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2015.

**Council has not adopted any of these standards early.**

Council's assessment of the impact of these new standards and interpretations is set out below.

Apart from the AASB disclosures below, there are no other standards that are "not yet effective" which are expected to have a material impact on Council in the current or future reporting periods and on foreseeable future transactions.

##### Applicable to Local Government:

##### **AASB 9 - Financial Instruments** (and associated amending standards)

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement and has an effective date for reporting periods beginning on or after 1 January 2018 (and must be applied retrospectively).

The overriding impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets.

Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories:

- fair value and
- amortised cost (where financial assets will only be able to be measured at amortised cost where very specific conditions are met).

##### **AASB 15 - Revenue from contracts with customers** and associated amending standards

AASB 15 will introduce a five step process for revenue recognition with the core principle of the new Standard being that entities recognise revenue so as to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.

The changes in revenue recognition requirements in AASB 15 may cause changes to accounting policies relating to the timing and amount of revenue recorded in the financial statements as well as additional disclosures.

The full impact of AASB 15 has not yet been ascertained or quantified.

AASB 15 will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts.

The effective date of this standard is for annual reporting periods beginning on or after 1 January 2017.

## Narromine Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

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##### **AASB 124 - Related Party Disclosures**

From 1 July 2016, AASB 124 Related Party Disclosures will apply to Council.

This means that Council will be required to disclose information about related parties and Council transactions with those related parties.

Related parties will more than likely include the Mayor, Councillors and certain Council staff. In addition, the close family members of those people and any organisations that they control or are associated with will be classified as related parties (and fall under the related party reporting requirements).

##### **AASB 2014 - 10 Sale or contribution of Assets between an Investor and its Associate or Joint Venture**

The amendments address an acknowledged inconsistency between the requirements in AASB 10 and those in AASB 128 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not).

A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

The effective date of this standard is for annual reporting periods beginning on or after 1 January 2016.

This standard will only impact Council where there has been a sale or contribution of assets between the entity and the associate/joint venture.

##### **Not applicable to Local Government per se;**

None

##### **(ab) Rounding of amounts**

Unless otherwise indicated, amounts in the financial statements have been rounded off to the nearest thousand dollars.

##### **(ac) Comparative Figures**

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

##### **(ad) Disclaimer**

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

# Narromine Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

### Note 2(a). Council Functions / Activities - Financial Information

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Actual	Actual	Actual	Actual
	2015	2015	2014	2015	2015	2014	2015	2015	2014	2015	2014	2015	2014
Governance	-	-	-	1,582	1,528	631	(1,582)	(1,528)	(631)	-	-	-	-
Organisational Services	220	342	428	1,457	1,396	1,902	(1,237)	(1,054)	(1,474)	-	-	17,247	14,412
Public Order & Safety	217	176	165	467	365	376	(250)	(189)	(211)	87	68	263	903
Environment & Health	131	110	137	614	482	509	(483)	(372)	(372)	77	68	1,697	389
Community & Cultural Services	202	465	352	749	749	699	(547)	(284)	(347)	279	117	3,217	4,450
Planning & Development	132	154	129	303	288	301	(171)	(134)	(172)	-	12	307	-
Waste Management	1,639	1,290	1,349	1,288	1,160	1,125	351	130	224	28	28	203	609
Infrastructure	3,347	2,780	3,517	6,497	6,911	7,315	(3,150)	(4,131)	(3,798)	764	683	236,597	85,780
Recreational Facilities	160	222	165	1,527	1,520	1,584	(1,367)	(1,298)	(1,419)	-	-	12,459	12,561
Economic Development	195	284	335	401	304	429	(206)	(20)	(94)	-	-	2,225	2,023
Family Day Care	860	709	830	867	771	841	(7)	(62)	(11)	594	686	462	1,203
Water Supplies	1,714	2,076	1,608	1,500	1,220	1,186	214	856	422	392	21	13,085	11,997
Sewerage Services	1,367	1,322	1,287	1,324	1,013	1,096	43	309	191	20	20	23,387	23,038
<b>Total Functions &amp; Activities</b>	<b>10,184</b>	<b>9,930</b>	<b>10,302</b>	<b>18,576</b>	<b>17,707</b>	<b>17,994</b>	<b>(8,392)</b>	<b>(7,777)</b>	<b>(7,692)</b>	<b>2,241</b>	<b>1,703</b>	<b>311,149</b>	<b>157,365</b>
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	4	-	-	-	4	-	4	(4)	-	-	213	209
General Purpose Income <sup>1</sup>	9,349	9,178	7,157	-	-	-	9,349	9,178	7,157	3,938	1,970	-	-
<b>Operating Result from Continuing Operations</b>	<b>19,533</b>	<b>19,112</b>	<b>17,459</b>	<b>18,576</b>	<b>17,707</b>	<b>17,998</b>	<b>957</b>	<b>1,405</b>	<b>(539)</b>	<b>6,179</b>	<b>3,673</b>	<b>311,362</b>	<b>157,574</b>

1. Includes: Rates & Annual Charges (incl. Ex-Gratia), Untied General Purpose Grants & Unrestricted Interest & Investment Income.

## Narromine Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 2(b). Council Functions / Activities - Component Descriptions

**Details relating to the Council's functions / activities as reported in Note 2(a) are as follows:**

##### **Governance**

Costs relating to the Council's role as a component of democratic government, including elections, members fees and expenses, subscriptions to local authority associations, meetings of council and policy making committees, area representation and public disclosure and compliance.

##### **Organisational Services**

- Executive services - provision of effective and efficient support to councillors, Council and the community
- Legal advice and services for Council, its delegates and officers, procure adequate and appropriate insurance coverage at a minimum cost; manage claims made against Council and manage litigation by and against Council
- Provision of management accounting, financial reporting, rates, payroll, creditors, accounts receivable, cashiering, debt recovery and investments
- Computing and support services to Council
- Management and improvement of the quality, performance, opportunities & safety conditions of Council's staff
- Civic administration building

##### **Public Order & Safety**

- Co-operation and liaison with the Rural Fire Service and other Emergency Service organisations

##### **Environment & Health**

- Protection of the environment, its enhancement and the promotion of environmental sustainability
- Maintenance of the health standards and safety of premises that are accessible to and impact upon the community
- Development of an innovative best practice policy to control the incidence of noxious plants
- Companion animal management and issues in relation to straying livestock

##### **Community & Cultural Services**

- Provision of community, cultural and educational services and facilities to enhance the community's way of life
- Provision of programs and services for young people between 12-24 years of age
- Active participation in and co-operation with community organisations in the delivery of Aged & Disability Services
- Provision for the development and management of a range of community facilities
- Provision of effective public library lending, information and referral services
- Provision of quality cemetery services and memorial facilities
- Advocate for a strong cultural role in community revitalisation and identity by the encouragement & promotion of local historical, cultural and art organisations and activities

##### **Planning & Development**

- Creation of a quality environment for the community in which land use and development is planned and assessed and the social, environmental, economic, agricultural, heritage and physical wellbeing of the community is enhanced and protected
- Planning the Shire's future whilst embracing the principles of Ecologically Sustainable Development
- Assessment and determination of development applications
- Regulatory inspections

## Narromine Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 2(b). Council Functions / Activities - Component Descriptions (continued)

**Details relating to the Council's functions / activities as reported in Note 2(a) are as follows:**

##### **Waste Management**

- Effective management of waste collection, minimise waste whilst encouraging commercial and residential recycling
- Collection & recycling
- Disposal

##### **Infrastructure**

- Provision of well constructed, maintained and functional roads, drains, public buildings and associated engineering structures; including operational support, construction and maintenance, design, stormwater management and aerodromes

##### **Recreational Facilities**

- Provision of equitable access to social, cultural, sporting and recreational services and facilities
- Parks, playing fields and reserves
- Recreational buildings and infrastructure
- Swimming Pools

##### **Economic Development**

- Development and assistance in the implementation of strategies, programs and policies that will provide employment and a positive environment for the local economy
- Tourism & area promotion
- Real estate development
- Saleyards and markets
- External partnerships
- Camping areas

##### **Family Day Care**

- Licensee of Macquarie Valley Family Day Care Centre

##### **Water Supplies**

- Provision of a cost effective, environmentally sensitive and ecologically sustainable water supply service. Including business plan, service delivery, customer service, demand management, infrastructure management

##### **Sewerage Services**

- Provision of a cost effective, environmentally sensitive & ecologically sustainable sewerage service. Including business plan, service delivery, customer service, demand management, infrastructure management.

## Narromine Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2015	Actual 2014
<b>(a) Rates &amp; Annual Charges</b>			
<b>Ordinary Rates</b>			
Residential		1,177	1,148
Farmland		2,797	2,735
Mining		234	228
Business		486	462
<b>Total Ordinary Rates</b>		<b>4,694</b>	<b>4,573</b>
<b>Special Rates</b>			
Nil			
<b>Annual Charges</b> (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		831	806
Stormwater Management Services		55	-
Water Supply Services		417	411
Sewerage Services		925	931
Waste Management Services (non-domestic)		289	254
<b>Total Annual Charges</b>		<b>2,517</b>	<b>2,402</b>
<b>TOTAL RATES &amp; ANNUAL CHARGES</b>		<b>7,211</b>	<b>6,975</b>

Council has used 2013 year valuations provided by the NSW Valuer General in calculating its rates.

## Narromine Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
<b>(b) User Charges &amp; Fees</b>			
<b>Specific User Charges</b> (per s.502 - Specific "actual use" charges)			
Water Supply Services		1,124	1,062
Sewerage Services		264	257
Waste Management Services (non-domestic)		14	17
<b>Total User Charges</b>		<b>1,402</b>	<b>1,336</b>
<b>Other User Charges &amp; Fees</b>			
<b>(i) Fees &amp; Charges - Statutory &amp; Regulatory Functions</b> (per s.608)			
Impounding Fees		12	21
Lifetime Animal Registrations		10	26
Planning & Building Regulation		70	88
Private Works - Section 67		240	267
Section 149 Certificates (EPA Act)		20	21
Section 603 Certificates		11	10
<b>Total Fees &amp; Charges - Statutory/Regulatory</b>		<b>363</b>	<b>433</b>
<b>(ii) Fees &amp; Charges - Other (incl. General User Charges)</b> (per s.608)			
Building & Planning		42	20
Cemeteries		71	49
Macquarie Family Day Care		106	131
Plant Income - RTA		263	239
Plant Income - Private Works		6	8
Recycling Income (Non Domestic)		19	108
Saleyards		78	106
Sport & Fitness Centre		28	27
Swimming Centres		74	74
Waste Disposal Tipping Fees		89	100
Water Connection Fees		7	7
Other		49	41
<b>Total Fees &amp; Charges - Other</b>		<b>832</b>	<b>910</b>
<b>TOTAL USER CHARGES &amp; FEES</b>		<b>2,597</b>	<b>2,679</b>

## Narromine Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2015

## Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
<b>(c) Interest &amp; Investment Revenue (incl. losses)</b>			
<b>Interest &amp; Dividends</b>			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		49	49
- Interest earned on Investments (interest & coupon payment income)		718	757
- Interest & Dividend Income (Other)		2	3
<b><u>TOTAL INTEREST &amp; INVESTMENT REVENUE</u></b>		<b><u>769</u></b>	<b><u>809</u></b>
<b>Interest Revenue is attributable to:</b>			
<b>Unrestricted Investments/Financial Assets:</b>			
Overdue Rates & Annual Charges (General Fund)		24	27
General Council Cash & Investments		516	587
<b>Restricted Investments/Funds - External:</b>			
<b>Development Contributions</b>			
- Section 94		2	1
- Section 64		6	7
Water Fund Operations		118	98
Sewerage Fund Operations		92	79
Domestic Waste Management operations		9	7
Other Externally Restricted Assets		2	3
<b><u>Total Interest &amp; Investment Revenue Recognised</u></b>		<b><u>769</u></b>	<b><u>809</u></b>
<b>(d) Other Revenues</b>			
Rental Income - Other Council Properties		233	237
Commissions & Agency Fees		-	3
Diesel Rebate		57	48
Family Day Care		4	9
Insurance Claim Recoveries		33	-
Insurance Rebates		49	31
Refunds of Contributions		62	57
Sales - General		28	210
Other		12	13
<b><u>TOTAL OTHER REVENUE</u></b>		<b><u>478</u></b>	<b><u>608</u></b>



## Narromine Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 3. Income from Continuing Operations (continued)

\$ '000	2015 Operating	2014 Operating	2015 Capital	2014 Capital
<b>(e) Grants</b>				
<b>General Purpose (Untied)</b>				
Financial Assistance - General Component	2,573	1,277	-	-
Financial Assistance - Local Roads Component	1,326	654	-	-
Pensioners' Rates Subsidies - General Component	39	39	-	-
<b>Total General Purpose</b>	<b>3,938</b>	<b>1,970</b>	<b>-</b>	<b>-</b>

<sup>1</sup> The Financial Assistance Grant for the comparative 13/14 year reflects a one off timing difference (reduction). This grant ceased being paid in advance in the 13/14 year by up to 50% as had occurred in previous years.

**Specific Purpose**

## Pensioners' Rates Subsidies:

- Water	21	21	-	-
- Sewerage	20	20	-	-
- Domestic Waste Management	28	28	-	-
Water Supplies	-	-	371	-
Bushfire & Emergency Services	87	68	-	-
Community Infrastructure Grant	-	-	230	82
Environmental Protection	1	-	-	-
Family Day Care - Operational	111	146	-	-
Family Day Care - Child Assistance	483	540	-	-
Flood Mitigation	-	-	-	124
Library	47	31	-	-
LIRS Subsidy	22	-	-	-
Noxious Weeds	76	68	-	-
Planning Reform	-	12	-	-
Street Lighting	42	29	-	-
Transport (Roads to Recovery)	615	524	-	-
Transport (Other Roads & Bridges Funding)	-	-	85	-
War Memorials	-	-	-	4
Other	2	6	-	-
<b>Total Specific Purpose</b>	<b>1,555</b>	<b>1,493</b>	<b>686</b>	<b>210</b>
<b>Total Grants</b>	<b>5,493</b>	<b>3,463</b>	<b>686</b>	<b>210</b>

**Grant Revenue is attributable to:**

- Commonwealth Funding	4,700	2,609	-	82
- State Funding	793	854	686	128
	<b>5,493</b>	<b>3,463</b>	<b>686</b>	<b>210</b>

## Narromine Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 3. Income from Continuing Operations (continued)

\$ '000	2015 Operating	2014 Operating	2015 Capital	2014 Capital
<b>(f) Contributions</b>				
<b>Developer Contributions:</b>				
<b>(s93 &amp; s94 - EP&amp;A Act, s64 of the LGA):</b>				
S 93F - Contributions using Planning Agreements	-	-	28	-
<b>Total Developer Contributions</b>	17	-	<b>28</b>	-
<b>Other Contributions:</b>				
Community Buildings	20	-	57	95
Community Services	-	-	1	-
Dedications (other than by S94)	125	121	-	-
Employment & Training	19	11	-	-
Motor Vehicle Leaseback	37	34	-	-
Other Councils - Joint Works/Services	172	135	-	-
Recreation & Culture	-	-	18	20
Roads & Bridges	-	-	25	850
<b>RMS Contributions (Regional Roads, Block Grant)</b>	<b>1,372</b>	<b>1,049</b>	-	400
<b>Total Other Contributions</b>	<b>1,745</b>	<b>1,350</b>	<b>101</b>	<b>1,365</b>
<b>Total Contributions</b>	<b>1,745</b>	<b>1,350</b>	<b>129</b>	<b>1,365</b>
<b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>	<b>7,238</b>	<b>4,813</b>	<b>815</b>	<b>1,575</b>

\$ '000	Actual 2015	Actual 2014
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**(g) Restrictions relating to Grants and Contributions**

**Certain grants & contributions are obtained by Council on condition that they be spent in a specified manner:**

Unexpended at the Close of the Previous Reporting Period	1,661	1,153
add: Grants & contributions recognised in the current period but not yet spent:	180	725
less: Grants & contributions recognised in a previous reporting period now spent:	(769)	(217)
<b>Net Increase (Decrease) in Restricted Assets during the Period</b>	<b>(589)</b>	<b>508</b>
<b>Unexpended and held as Restricted Assets</b>	<b>1,072</b>	<b>1,661</b>
<b>Comprising:</b>		
- Specific Purpose Unexpended Grants	812	1,437
- Developer Contributions	260	224
	<b>1,072</b>	<b>1,661</b>

## Narromine Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2015	Actual 2014
<b>(a) Employee Benefits &amp; On-Costs</b>			
Salaries and Wages		5,170	4,833
Travelling		150	142
Employee Leave Entitlements (ELE)		1,122	977
Superannuation		648	617
Workers' Compensation Insurance		145	135
Fringe Benefit Tax (FBT)		51	41
Training Costs (other than Salaries & Wages)		168	189
Other		146	54
<b>Total Employee Costs</b>		<b>7,600</b>	<b>6,988</b>
less: Capitalised Costs		(512)	(370)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>		<b>7,088</b>	<b>6,618</b>
<b>(b) Borrowing Costs</b>			
<b>(i) Interest Bearing Liability Costs</b>			
Interest on Loans		123	61
<b>Total Interest Bearing Liability Costs Expensed</b>		<b>123</b>	<b>61</b>
<b>(ii) Other Borrowing Costs</b>			
Nil			
<b>TOTAL BORROWING COSTS EXPENSED</b>		<b>123</b>	<b>61</b>
<b>(c) Materials &amp; Contracts</b>			
Raw Materials & Consumables		2,613	2,342
Contractor & Consultancy Costs		138	1,003
Auditors Remuneration <sup>(1)</sup>		41	58
Legal Expenses:			
- Legal Expenses: Other		23	22
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payment <sup>(2)</sup>		41	37
<b>Total Materials &amp; Contracts</b>		<b>2,856</b>	<b>3,462</b>
less: Capitalised Costs		-	
<b>TOTAL MATERIALS &amp; CONTRACTS</b>		<b>2,856</b>	<b>3,462</b>

## Narromine Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
<b>(c) Materials &amp; Contracts (continued)</b>			
<b>1. Auditor Remuneration</b>			
During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):			
<b>Audit and Other Assurance Services</b>			
- Audit & review of financial statements: Council's Auditor		32	32
- Other audit & assurance services (Internal Audit)		9	26
<b>Remuneration for audit and other assurance services</b>		<b>41</b>	<b>58</b>
<b>Total Auditor Remuneration</b>		<b>41</b>	<b>58</b>
<b>2. Operating Lease Payments are attributable to:</b>			
Computers & Information Technology Equipment		-	37
Other		41	-
		<b>41</b>	<b>37</b>

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2015	Actual 2014	Actual 2015	Actual 2014
<b>(d) Depreciation, Amortisation &amp; Impairment</b>					
Plant and Equipment		-	-	526	568
Office Equipment		-	-	5	4
Furniture & Fittings		-	-	18	18
Buildings - Non Specialised		-	-	146	173
Buildings - Specialised		-	-	621	609
Other Structures		-	-	64	60
Infrastructure:					
- Roads		-	-	2,405	2,678
- Bridges		-	-	242	105
- Footpaths		-	-	89	104
- Stormwater Drainage		-	-	208	156
- Water Supply Network		-	-	86	92
- Sewerage Network		-	-	316	340
- Swimming Pools		-	-	41	41
- Other Open Space/Recreational Assets		-	-	122	107
- Other Infrastructure		-	-	10	17
Other Assets					
- Aerodrome		-	-	267	297
<b>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</b>		<b>-</b>	<b>-</b>	<b>5,166</b>	<b>5,369</b>

## Narromine Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
<b>(e) Other Expenses</b>			
Other Expenses for the year include the following:			
Advertising		51	43
Bad & Doubtful Debts		2	(5)
Child Care - Carers Payments		469	546
Contributions to Macquarie Regional Library		325	319
Contributions/Levies to Other Levels of Government			
- Emergency Services Levy (includes FRNSW, SES, and RFS Levies)		10	15
- NSW Fire Brigade Levy		29	29
- NSW Rural Fire Service Levy		204	190
Councillor Expenses - Mayoral Fee		18	17
Councillor Expenses - Councillors' Fees		92	89
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		20	27
Donations, Contributions & Assistance to other organisations (Section 356)		64	116
Electricity & Heating		319	405
Insurance Premiums		325	272
Office Expenses (including computer expenses)		63	54
Street Lighting		116	144
Telephone & Communications		58	46
Other		60	7
<b><u>TOTAL OTHER EXPENSES</u></b>		<b><u>2,225</u></b>	<b><u>2,314</u></b>

## Narromine Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2015

## Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2015	Actual 2014
<b>Property</b> (excl. Investment Property)			
Proceeds from Disposal - Property		188	12
less: Carrying Amount of Property Assets Sold / Written Off		(340)	-
<b>Net Gain/(Loss) on Disposal</b>		<b>(152)</b>	<b>12</b>
<b>Plant &amp; Equipment</b>			
Proceeds from Disposal - Plant & Equipment		216	250
less: Carrying Amount of P&E Assets Sold / Written Off		(297)	(224)
<b>Net Gain/(Loss) on Disposal</b>		<b>(81)</b>	<b>26</b>
<b>Infrastructure</b>			
Proceeds from Disposal - Infrastructure		-	-
less: Carrying Amount of Infrastructure Assets Sold / Written Off		(208)	(208)
<b>Net Gain/(Loss) on Disposal</b>		<b>(208)</b>	<b>(208)</b>
<b>Real Estate Assets Held For Sale</b>			
Proceeds from Disposal - Real Estate Assets		377	-
less: Carrying Amount of Real Estate Assets Sold / Written Off		(185)	-
<b>Net Gain/(Loss) on Disposal</b>		<b>192</b>	<b>-</b>
<b>Financial Assets*</b>			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		35,500	38,200
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(35,500)	(38,200)
<b>Net Gain/(Loss) on Disposal</b>		<b>-</b>	<b>-</b>
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		<b>(249)</b>	<b>(170)</b>

## Narromine Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 6a. - Cash Assets and Note 6b. - Investments

\$ '000	Notes	2015	2015	2014	2014
		Actual Current	Actual Non Current	Actual Current	Actual Non Current
<b>Cash &amp; Cash Equivalents (Note 6a)</b>					
Cash on Hand and at Bank		381	-	713	-
Cash-Equivalent Assets <sup>1</sup>					
- Deposits at Call		1,461	-	1,187	-
- Short Term Deposits		1,000	-	3,000	-
<b>Total Cash &amp; Cash Equivalents</b>		<b>2,842</b>	<b>-</b>	<b>4,900</b>	<b>-</b>
<b>Investments (Note 6b)</b>					
- Long Term Deposits		19,000	-	15,500	-
<b>Total Investments</b>		<b>19,000</b>	<b>-</b>	<b>15,500</b>	<b>-</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS &amp; INVESTMENTS</b>		<b>21,842</b>	<b>-</b>	<b>20,400</b>	<b>-</b>

<sup>1</sup> Those investments where time to maturity (from date of purchase) is < 3 mths.

**Cash, Cash Equivalents & Investments were classified at year end in accordance with AASB 139 as follows:**

<b>Cash &amp; Cash Equivalents</b>					
a. "At Fair Value through the Profit & Loss"		<u>2,842</u>	<u>-</u>	<u>4,900</u>	<u>-</u>
<b>Investments</b>					
b. "Held to Maturity"	6(b-i)	<u>19,000</u>	<u>-</u>	<u>15,500</u>	<u>-</u>
<b>Investments</b>		<u>19,000</u>	<u>-</u>	<u>15,500</u>	<u>-</u>

**Note 6(b-i)****Reconciliation of Investments classified as "Held to Maturity"**

Balance at the Beginning of the Year		15,500	-	16,200	-
Additions		39,000	-	37,500	-
Disposals (sales & redemptions)		(35,500)	-	(38,200)	-
<b>Balance at End of Year</b>		<b>19,000</b>	<b>-</b>	<b>15,500</b>	<b>-</b>
<b>Comprising:</b>					
- Other Long Term Financial Assets		19,000	-	15,500	-
<b>Total</b>		<b>19,000</b>	<b>-</b>	<b>15,500</b>	<b>-</b>

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of investments held.

## Narromine Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 6c. Restricted Cash, Cash Equivalents &amp; Investments - Details

\$ '000	2015	2015	2014	2014
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
<b>Total Cash, Cash Equivalents and Investments</b>	<b>21,842</b>	<b>-</b>	<b>20,400</b>	<b>-</b>
<b>attributable to:</b>				
External Restrictions (refer below)	13,678	-	12,388	-
Internal Restrictions (refer below)	6,193	-	5,488	-
Unrestricted	1,971	-	2,524	-
	<b>21,842</b>	<b>-</b>	<b>20,400</b>	<b>-</b>

2015 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
-----------------	--------------------	------------------------------	--------------------------------	--------------------

## Details of Restrictions

**External Restrictions - Included in Liabilities**

<b>Specific Purpose Unexpended Loans-General (A)</b>	<b>5</b>	<b>1,704</b>	<b>-</b>	<b>1,709</b>
<b>External Restrictions - Included in Liabilities</b>	<b>5</b>	<b>1,704</b>	<b>-</b>	<b>1,709</b>

**External Restrictions - Other**

Developer Contributions - General (D)	26	30	-	56
Developer Contributions - Water Fund (D)	129	4	-	133
Developer Contributions - Sewer Fund (D)	69	2	-	71
Specific Purpose Unexpended Grants (F)	1,026	144	(769)	401
Specific Purpose Unexpended Grants-Water Fund (F)	411	-	-	411
Water Supplies (G)	4,223	348	-	4,571
Sewerage Services (G)	5,600	-	(271)	5,329
Domestic Waste Management (G)	728	63	-	791
Board of Control	40	8	(2)	46
OROC	131	29	-	160
<b>External Restrictions - Other</b>	<b>12,383</b>	<b>628</b>	<b>(1,042)</b>	<b>11,969</b>
<b>Total External Restrictions</b>	<b>12,388</b>	<b>2,332</b>	<b>(1,042)</b>	<b>13,678</b>

A Loan moneys which must be applied for the purposes for which the loans were raised.

D Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).

F Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1)

G Water, Sewerage, Domestic Waste Management (DWM) & other Special Rates/Levies/Charges are externally restricted assets and must be applied for the purposes for which they were raised.



## Narromine Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 6c. Restricted Cash, Cash Equivalents &amp; Investments - Details (continued)

2015 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
<b>Internal Restrictions</b>				
Plant & Vehicle Replacement	800	-	(101)	699
Infrastructure Replacement	81	-	(81)	-
Employees Leave Entitlement	560	33	-	593
Employees Leave Entitlement - Family Day Care	26	-	(11)	15
Carry Over Works	444	912	(444)	912
Recouped Investment Monies	191	-	-	191
Administration Building	15	20	(23)	12
Aerodrome Development	253	196	(63)	386
Alkane Community Contributions	2	56	(56)	2
Alkane Environmental Monitoring	22	21	(5)	38
Alkane Roads Contribution	46	47	-	93
Alkane Tomingley Water Tank Project	-	20	-	20
Bridge Replacement	50	-	-	50
Cemetery Improvements	36	20	(15)	41
Council Buildings	-	13	-	13
Depot Improvements	46	35	(19)	62
Drainage Construction	93	10	(10)	93
Economic Development Reserve	33	-	-	33
Election Expenses	10	10	-	20
Family Day Care	235	-	(26)	209
Financial Assistance Grant (received in advance)	-	-	-	-
Footpaths	61	45	(103)	3
Fowler Engine Restoration	10	-	-	10
Industrial Land Planning	38	-	(6)	32
IT Strategy	226	80	(46)	260
Kerb & Gutter	93	60	(35)	118
Land Development	103	279	(103)	279
Library Improvements	56	20	(5)	71
Medical Centre	275	47	(7)	315
Natfly	4	-	-	4
Office equipment	7	8	(2)	13
OHS	51	19	(9)	61
Other Waste Management	32	-	-	32
Pigeon Program	5	-	-	5
Playground Equipment/Fencing	111	55	(71)	95
Pound Improvements	37	25	-	62
Public Amenities Upgrade	62	14	-	76
Quarries	490	127	-	617
RFS - Tanker Replacement	20	20	-	40
Roads Contingency	300	-	(214)	86
Saleyards	67	13	(2)	78
Showground Improvements	25	20	(28)	17
SIMC Warranty	52	-	-	52

(continued on the next page.. ]

## Narromine Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 6c. Restricted Cash, Cash Equivalents &amp; Investments - Details (continued)

2015 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
<b>Internal Restrictions (continued)</b>				
Skate Park Improvements	5	-	-	5
Sports Centre Upgrades	5	10	-	15
Sprinkler/Softfall Replacement/Sporting Facilities	75	55	(39)	91
Stormwater - Levy Bank	2	-	-	2
Strategic Planning	128	-	(80)	48
Street Lighting	40	8	-	48
Street Tree Planting/Irrigation	28	5	(12)	21
Swimming Facilities Upgrades	14	30	(8)	36
Tourism Promotions	50	-	(22)	28
Waste Management Facility Upgrades	13	35	(17)	31
Wetlands Development	46	-	-	46
Youth Centre	5	-	-	5
Youth Education Activities	9	-	-	9
<b>Total Internal Restrictions</b>	<b>5,488</b>	<b>2,368</b>	<b>(1,663)</b>	<b>6,193</b>
<b>TOTAL RESTRICTIONS</b>	<b>17,876</b>	<b>4,700</b>	<b>(2,705)</b>	<b>19,871</b>

## Narromine Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 7. Receivables

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
<b>Purpose</b>					
Rates & Annual Charges		409	177	402	147
Interest & Extra Charges		106	-	102	-
User Charges & Fees		370	-	418	-
Private Works		-	-	36	-
Accrued Revenues					
- Interest on Investments		159	-	181	-
- Other Income Accruals		110	-	-	-
Government Grants & Subsidies		263	-	300	-
Net GST Receivable		149	-	92	-
Other Debtors - Contributions		-	-	140	-
Other Debtors		166	-	71	-
<b>Total</b>		<b>1,732</b>	<b>177</b>	<b>1,742</b>	<b>147</b>
<b>less: Provision for Impairment</b>					
Rates & Annual Charges		(15)	-	(13)	-
Interest & Extra Charges		(10)	-	(9)	-
<b>Total Provision for Impairment - Receivables</b>		<b>(25)</b>	<b>-</b>	<b>(22)</b>	<b>-</b>
<b><u>TOTAL NET RECEIVABLES</u></b>		<b><u>1,707</u></b>	<b><u>177</u></b>	<b><u>1,720</u></b>	<b><u>147</u></b>
<b>Externally Restricted Receivables</b>					
<b>Water Supply</b>					
- Specific Purpose Grants		219	-	219	-
- Rates & Availability Charges		31	14	30	11
- Other		291	-	342	-
<b>Sewerage Services</b>					
- Specific Purpose Grants		-	-	-	-
- Rates & Availability Charges		84	37	82	30
- Other		130	-	132	-
Domestic Waste Management		83	32	101	-
Stormwater Management		4	1	-	-
<b>Total External Restrictions</b>		<b>842</b>	<b>84</b>	<b>906</b>	<b>41</b>
<b>Internally Restricted Receivables</b>					
Nil					
<b>Unrestricted Receivables</b>		<b>865</b>	<b>93</b>	<b>814</b>	<b>106</b>
<b>TOTAL NET RECEIVABLES</b>		<b>1,707</b>	<b>177</b>	<b>1,720</b>	<b>147</b>

**Notes on Debtors above:**

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.  
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates & charges at 8.50% (2014 9.00%).  
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

## Narromine Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 8. Inventories &amp; Other Assets

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
<b>Inventories</b>					
Real Estate for resale (refer below)		600	-	361	-
Stores & Materials		457	-	352	-
<b>Total Inventories</b>		<b>1,057</b>	<b>-</b>	<b>713</b>	<b>-</b>
<b>Other Assets</b>					
Prepayments		36	-	28	-
<b>Total Other Assets</b>		<b>36</b>	<b>-</b>	<b>28</b>	<b>-</b>
<b>TOTAL INVENTORIES / OTHER ASSETS</b>		<b>1,093</b>	<b>-</b>	<b>741</b>	<b>-</b>

**Externally Restricted Assets**

There are no restrictions applicable to the above assets.

**Other Disclosures****(a) Details for Real Estate Development**

Residential		533	-	162	-
Industrial/Commercial		67	-	187	-
Other Properties		-	-	12	-
<b>Total Real Estate for Resale</b>		<b>600</b>	<b>-</b>	<b>361</b>	<b>-</b>

(Valued at the lower of cost and net realisable value)

**Represented by:**

Acquisition Costs		67	-	100	-
Development Costs		533	-	164	-
Borrowing Costs		-	-	36	-
Other Holding Costs		-	-	61	-
<b>Total Costs</b>		<b>600</b>	<b>-</b>	<b>361</b>	<b>-</b>
<b>Total Real Estate for Resale</b>		<b>600</b>	<b>-</b>	<b>361</b>	<b>-</b>

**Movements:**

Real Estate assets at beginning of the year		361	-	302	-
- Purchases and other costs		408	-	59	-
- Transfers in from (out to) Note 22		16	-	-	-
- WDV of Sales (exp)	5	(185)	-	-	-
<b>Total Real Estate for Resale</b>		<b>600</b>	<b>-</b>	<b>361</b>	<b>-</b>

**(b) Current Assets not anticipated to be settled within the next 12 months**

The following Inventories &amp; Other Assets, even though classified as current are not expected to be recovered in the next 12 months:

Real Estate for Resale				<b>2015</b>	<b>2014</b>
				<b>385</b>	<b>329</b>
				<b>385</b>	<b>329</b>

**(c) Inventories recognised as an expense for the year included:**

- Stores & Materials				501	477
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**(d) Inventory Write Downs**

There were no amounts recognised as an expense relating to the write down of Inventory balances held during the year.

## Narromine Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 9a. Infrastructure, Property, Plant &amp; Equipment

\$ '000	as at 30/6/2014					Asset Movements during the Reporting Period						as at 30/6/2015					
	At	At	Accumulated		Carrying	Asset Additions	WDV of Asset Disposals	Depreciation Expense	WIP Transfers	Adjustments & Transfers	Revaluation Increments to Equity (ARR)	At	At	Accumulated		Carrying	
	Cost	Fair Value	Dep'n	Impairment	Value							Cost	Fair Value	Dep'n	Impairment	Value	
Capital Work in Progress	1,086	-	-	-	1,086	-	-	-	139	-	-	1,225	-	-	-	-	1,225
Plant & Equipment	-	6,910	3,372	-	3,538	713	(298)	(526)	-	-	-	-	7,060	3,633	-	-	3,427
Office Equipment	-	421	305	-	116	72	-	(5)	163	-	-	-	656	309	-	-	347
Furniture & Fittings	-	288	183	-	105	-	-	(18)	-	-	-	-	288	201	-	-	87
Land:																	
- Operational Land	-	4,389	-	-	4,389	89	-	-	-	-	-	-	4,478	-	-	-	4,478
- Community Land	-	1,081	-	-	1,081	-	-	-	-	63	-	-	1,143	-	-	-	1,143
- Land under Roads (post 30/6/08)	-	63	-	-	63	-	-	-	-	(63)	-	-	-	-	-	-	-
Buildings - Non Specialised	-	5,144	2,194	-	2,950	3	-	(146)	-	-	-	-	5,147	2,341	-	-	2,806
Buildings - Specialised	-	28,599	11,393	-	17,206	523	(340)	(621)	110	-	-	-	28,725	11,847	-	-	16,878
Other Structures	-	2,166	750	-	1,416	223	-	(64)	2	28	-	-	2,421	816	-	-	1,605
Infrastructure:																	
- Roads	-	129,149	70,611	-	58,538	4,656	(113)	(2,405)	173	19	126,940	-	217,267	29,459	-	-	187,808
- Bridges	-	8,708	2,547	-	6,161	35	-	(242)	-	315	12,758	-	24,672	5,644	-	-	19,028
- Footpaths	-	2,693	840	-	1,853	129	-	(89)	-	(19)	(20)	-	3,244	1,389	-	-	1,855
- Stormwater Drainage	-	8,088	3,413	-	4,675	198	-	(208)	-	(315)	9,871	-	20,582	6,361	-	-	14,221
- Water Supply Network	-	15,834	9,774	-	6,060	850	(95)	(86)	(559)	-	93	-	16,024	9,762	-	-	6,262
- Sewerage Network	-	27,127	10,380	-	16,747	645	-	(316)	(20)	-	256	-	28,169	10,857	-	-	17,312
- Swimming Pools	-	2,589	901	-	1,688	15	-	(41)	2	-	-	-	2,606	943	-	-	1,664
- Other Open Space/Recreational Assets	-	3,483	1,455	-	2,028	85	-	(122)	24	(8)	-	-	3,582	1,575	-	-	2,007
- Other Infrastructure	-	618	191	-	427	101	-	(10)	-	(20)	(320)	-	245	67	-	-	178
Other Assets:																	
- Aerodrome	-	15,532	11,318	-	4,214	86	-	(267)	(34)	-	-	-	15,583	11,584	-	-	3,999
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIP.</b>	<b>1,086</b>	<b>262,882</b>	<b>129,627</b>	<b>-</b>	<b>134,341</b>	<b>8,423</b>	<b>(845)</b>	<b>(5,166)</b>	<b>-</b>	<b>-</b>	<b>149,578</b>	<b>1,225</b>	<b>381,892</b>	<b>96,788</b>	<b>-</b>	<b>-</b>	<b>286,330</b>

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals (\$5,676,000) and New Assets (\$1,787,000).

Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of other Infrastructure, Property, Plant & Equipment.

## Narromine Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 9b. Externally Restricted Infrastructure, Property, Plant &amp; Equipment

\$ '000	Actual				Actual			
	2015				2014			
Class of Asset	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
<b>Water Supply</b>								
WIP	620	-	-	620	61	-	-	61
Plant & Equipment	-	56	34	22	-	55	29	26
Land								
- Operational Land	-	442	-	442	-	442	-	442
Other Structures	-	118	48	70	-	111	31	80
Infrastructure	-	16,024	9,762	6,262	-	15,834	9,774	6,060
<b>Total Water Supply</b>	<b>620</b>	<b>16,640</b>	<b>9,844</b>	<b>7,416</b>	<b>61</b>	<b>16,442</b>	<b>9,834</b>	<b>6,669</b>
<b>Sewerage Services</b>								
WIP	20	-	-	20	-	-	-	-
Plant & Equipment	-	110	45	65	-	44	37	7
Land								
- Operational Land	-	226	-	226	-	226	-	226
Buildings	-	125	46	79	-	125	43	82
Other Structures	-	59	25	34	-	47	11	36
Infrastructure	-	28,169	10,857	17,312	-	27,127	10,380	16,747
<b>Total Sewerage Services</b>	<b>20</b>	<b>28,689</b>	<b>10,973</b>	<b>17,736</b>	<b>-</b>	<b>27,569</b>	<b>10,471</b>	<b>17,098</b>
<b>Domestic Waste Management</b>								
WIP	16	-	-	16	-	-	-	-
Plant & Equipment	-	373	341	32	-	373	338	35
Land								
- Community Land	-	98	-	98	-	98	-	98
Buildings	-	214	36	178	-	214	32	182
Other Assets	-	240	97	143	-	240	92	148
<b>Total DWM</b>	<b>16</b>	<b>925</b>	<b>474</b>	<b>467</b>	<b>-</b>	<b>925</b>	<b>462</b>	<b>463</b>
<b>TOTAL RESTRICTED I,PP&amp;E</b>	<b>656</b>	<b>46,254</b>	<b>21,291</b>	<b>25,619</b>	<b>61</b>	<b>44,936</b>	<b>20,767</b>	<b>24,230</b>

## Note 9c. Infrastructure, Property, Plant &amp; Equipment - Current Year Impairments

Council has recognised no impairment losses during the reporting period nor reversed any prior period losses.

## Narromine Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 10a. Payables, Borrowings &amp; Provisions

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
<b>Payables</b>					
Goods & Services - operating expenditure		361	-	845	-
Goods & Services - capital expenditure		571	-	266	-
Payments Received In Advance		121	-	121	-
Accrued Expenses:					
- Borrowings		12	-	8	-
- Salaries & Wages		284	-	173	-
Security Bonds, Deposits & Retentions		5	-	11	-
Other		4	-	-	-
<b>Total Payables</b>		<b>1,359</b>	<b>-</b>	<b>1,424</b>	<b>-</b>
<b>Borrowings</b>					
Loans - Secured <sup>1</sup>		334	3,381	84	837
<b>Total Borrowings</b>		<b>334</b>	<b>3,381</b>	<b>84</b>	<b>837</b>
<b>Provisions</b>					
<b>Employee Benefits:</b>					
Annual Leave		676	-	623	-
Long Service Leave		1,245	70	1,195	91
Other Leave		38	-	44	-
<b>Total Provisions</b>		<b>1,959</b>	<b>70</b>	<b>1,862</b>	<b>91</b>
<b>Total Payables, Borrowings &amp; Provisions</b>		<b>3,652</b>	<b>3,451</b>	<b>3,370</b>	<b>928</b>

## (i) Liabilities relating to Restricted Assets

	2015		2014	
	Current	Non Current	Current	Non Current
<b>Externally Restricted Assets</b>				
Water	135	-	54	-
Sewer	13	-	287	-
Domestic Waste Management	25	-	11	-
Liabilities relating to externally restricted assets	173	-	352	-
<b>Internally Restricted Assets</b>				
Nil				
<b>Total Liabilities relating to restricted assets</b>	173	-	352	-
<b>Total Liabilities relating to Unrestricted Assets</b>	3,479	3,451	3,018	928
<b>TOTAL PAYABLES, BORROWINGS &amp; PROVISIONS</b>	<b>3,652</b>	<b>3,451</b>	<b>3,370</b>	<b>928</b>

<sup>1</sup> Loans are secured over the General Rating Income of Council

Disclosures on Liability Interest Rate Risk Exposures, Fair Value Disclosures & Security can be found in Note 15.

## Narromine Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2015

## Note 10a. Payables, Borrowings &amp; Provisions (continued)

\$ '000	Actual 2015	Actual 2014
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**(ii) Current Liabilities not anticipated to be settled within the next 12 months**

The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.

Provisions - Employees Benefits	1,161	1,137
	<u>1,161</u>	<u>1,137</u>



## Narromine Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2015	Actual 2014
<b>(a) Reconciliation of Cash Assets</b>			
Total Cash & Cash Equivalent Assets	6a	2,842	4,900
Less Bank Overdraft	10	-	-
<b>BALANCE as per the STATEMENT of CASH FLOWS</b>		<b>2,842</b>	<b>4,900</b>

**(b) Reconciliation of Net Operating Result  
to Cash provided from Operating Activities**

<b>Net Operating Result from Income Statement</b>		<b>1,405</b>	<b>(539)</b>
Adjust for non cash items:			
Depreciation & Amortisation		5,166	5,369
Net Losses/(Gains) on Disposal of Assets		249	170
Share of Net (Profits) or Losses of Associates/Joint Ventures		(4)	4
<b>+/- Movement in Operating Assets and Liabilities &amp; Other Cash Items:</b>			
Decrease/(Increase) in Receivables		(20)	187
Increase/(Decrease) in Provision for Doubtful Debts		3	(5)
Decrease/(Increase) in Inventories		(105)	240
Decrease/(Increase) in Other Assets		(8)	(23)
Increase/(Decrease) in Payables		(484)	460
Increase/(Decrease) in accrued Interest Payable		4	(1)
Increase/(Decrease) in other accrued Expenses Payable		111	12
Increase/(Decrease) in Other Liabilities		(2)	(197)
Increase/(Decrease) in Employee Leave Entitlements		76	22
<b>NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS</b>		<b>6,391</b>	<b>5,699</b>

**(c) Non-Cash Investing & Financing Activities**

Nil

**(d) Financing Arrangements****(i) Unrestricted access was available at balance date to the  
following lines of credit:**

Credit Cards / Purchase Cards	59	61
<b>Total Financing Arrangements</b>	<b>59</b>	<b>61</b>

**(ii) Secured Loan Liabilities**

Loans are secured by a mortgage over future years Rate Revenue only.

## Narromine Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2015	Actual 2014
<b>(a) Capital Commitments (exclusive of GST)</b>			
Nil			
<b>(b) Finance Lease Commitments</b>			
Nil			
<b>(c) Operating Lease Commitments (Non Cancellable)</b>			
<b>a. Commitments under Non Cancellable Operating Leases at the Reporting date, but not recognised as Liabilities are payable:</b>			
Within the next year		23	18
Later than one year and not later than 5 years		27	17
Later than 5 years		-	-
<b>Total Non Cancellable Operating Lease Commitments</b>		<b>50</b>	<b>35</b>

**b. Non Cancellable Operating Leases include the following assets:**

Council utilises computer and copier equipment assets under operating lease.

Contingent Rentals may be payable depending on the condition of items or usage during the lease term.

**Conditions relating to Operating Leases:**

- All Operating Lease Agreements are secured only against the Leased Asset.
- No Lease Agreements impose any financial restrictions on Council regarding future debt etc.

**(d) Investment Property Commitments**

Nil

**(e) Investment in Joint Operations - Commitments**

For Capital Commitments and Other Commitments relating to Investments in Joint Operations, refer to Note 19 (c)

## Narromine Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 13a. Statement of Performance Measurement - Indicators (Consolidated)

\$ '000	Amounts 2015	Indicator 2015	Prior Periods 2014      2013	
<b>Local Government Industry Indicators - Consolidated</b>				
<b>1. Operating Performance Ratio</b>				
Total continuing operating revenue <sup>(1)</sup>				
<u>(excl. Capital Grants &amp; Contributions) - Operating Expenses</u>	<u>835</u>	<b>4.56%</b>	-12.21%	-3.51%
Total continuing operating revenue <sup>(1)</sup>	<u>18,293</u>			
(excl. Capital Grants & Contributions)				
<b>2. (a) Own Source Operating Revenue Ratio</b>				
Total continuing operating revenue <sup>(1)</sup>				
<u>(excl. ALL Grants &amp; Contributions)</u>	<u>11,055</u>	<b>57.86%</b>	63.41%	59.80%
Total continuing operating revenue <sup>(1)</sup>	<u>19,108</u>			
(excl. Capital Grants & Contributions)				
<b>2. (b) Own Source Operating Revenue Ratio Counting FAGS Grant as Own Source Operating Revenue</b>				
Total continuing operating revenue <sup>(1)</sup>				
<u>(excl. ALL Grants &amp; Contributions except FAGS)</u>	<u>14,954</u>	<b>78.26%</b>	N/A	N/A
Total continuing operating revenue <sup>(1)</sup>	<u>19,108</u>			
(excl. Capital Grants & Contributions)				
<b>3. Unrestricted Current Ratio</b>				
Current Assets less all External Restrictions <sup>(2)</sup>	<u>9,737</u>	<b>4.20x</b>	4.92	6.05
Current Liabilities less Specific Purpose Liabilities <sup>(3, 4)</sup>	<u>2,318</u>			
<b>4. Debt Service Cover Ratio</b>				
Operating Result <sup>(1)</sup> before capital excluding interest and depreciation / impairment / amortisation	<u>6,124</u>	<b>18.61x</b>	24.93	32.84
Principal Repayments (from the Statement of Cash Flows) + Borrowing Costs (from the Income Statement)	<u>329</u>			
<b>5. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>				
Rates, Annual and Extra Charges Outstanding	<u>667</u>	<b>8.45%</b>	8.09%	10.19%
Rates, Annual and Extra Charges Collectible	<u>7,889</u>			
<b>6. Cash Expense Cover Ratio</b>				
Current Year's Cash and Cash Equivalents + All Term Deposits	<u>21,842</u>	<b>19.20</b>	18.76	18.89
Payments from cash flow of operating and financing activities	<u>1,138</u>	<b>mths</b>		

## Notes

<sup>(1)</sup> Excludes fair value adjustments and reversal of revaluation decrements, net gain/(loss) on sale of assets and the net share of interests in joint ventures & associates.

<sup>(2)</sup> Refer Notes 6-8 inclusive.

Also excludes any real estate & land for resale not expected to be sold in the next 12 months

<sup>(3)</sup> Refer to Note 10(a).

<sup>(4)</sup> Refer to Note 10(a)(ii) - excludes all payables & provisions not expected to be paid in the next 12 months (incl. ELE).

## Narromine Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2015

## Note 13b. Statement of Performance Measurement - Indicators (by Fund)

\$ '000	Water 2015	Sewer 2015	General <sup>5</sup> 2015
<b>Local Government Industry Indicators - by Fund</b>			
<b>1. Operating Performance Ratio</b>			
Total continuing operating revenue <sup>(1)</sup>			
<u>(excl. Capital Grants &amp; Contributions) - Operating Expenses</u>	<b>19.31%</b>	<b>4.80%</b>	<b>2.89%</b>
Total continuing operating revenue <sup>(1)</sup>			
(excl. Capital Grants & Contributions)	prior period: 36.50%	39.24%	-23.34%
<b>2. (a) Own Source Operating Revenue Ratio</b>			
Total continuing operating revenue <sup>(1)</sup>			
<u>(excl. ALL Grants &amp; Contributions)</u>	<b>81.15%</b>	<b>98.50%</b>	<b>51.32%</b>
Total continuing operating revenue <sup>(1)</sup>			
	prior period: 98.69%	98.45%	55.42%
<b>2. (b) Own Source Operating Revenue Ratio Counting FAGS Grant as Own Source Operating Revenue</b>			
Total continuing operating revenue <sup>(1)</sup>			
<u>(excl. ALL Grants &amp; Contributions)</u>	<b>81.15%</b>	N/A	N/A
Total continuing operating revenue <sup>(1)</sup>			
<b>3. Unrestricted Current Ratio</b>			
<u>Current Assets less all External Restrictions<sup>(2)</sup></u>	<b>37.79x</b>	<b>395.38x</b>	<b>4.19x</b>
Current Liabilities less Specific Purpose Liabilities <sup>(3,4)</sup>			
	prior period: 89.15	20.25	4.96
<b>4. Debt Service Cover Ratio</b>			
Operating Result <sup>(1)</sup> before capital excluding interest and depreciation / impairment / amortisation			
<u>Principal Repayments (from the Statement of Cash Flows)</u>	<b>0.00</b>	<b>0.00</b>	<b>16.40x</b>
+ Borrowing Costs (from the Income Statement)			
	prior period: 0.00	0.00	15.58
<b>5. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>			
<u>Rates, Annual and Extra Charges Outstanding</u>	<b>10.66%</b>	<b>13.17%</b>	<b>7.65%</b>
Rates, Annual and Extra Charges Collectible			
	prior period: 9.81%	12.38%	7.39%
<b>6. Cash Expense Cover Ratio</b>			
Current Year's Cash and Cash Equivalents			
<u>+ All Term Deposits</u>	<b>25.18</b>	<b>45.96</b>	<b>16.35</b>
Payments from cash flow of operating and financing activities	x12 <b>mths</b>	<b>mths</b>	<b>mths</b>
	prior period: 30.65	68.47	14.94

## Notes

(1)-(4) Refer to Notes at Note 13a(i) above.

(5) General Fund refers to all of Council's activities except for its Water &amp; Sewer activities which are listed separately.

## Narromine Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 14. Investment Properties

\$ '000

Council has not classified any Land or Buildings as "Investment Properties"

#### Note 15. Financial Risk Management

##### Risk Management

Council's activities expose it to a variety of financial risks including **(1)** price risk, **(2)** credit risk, **(3)** liquidity risk and **(4)** interest rate risk.

The Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by Council's Finance Section under policies approved by the Council.

A comparison by category of the carrying amounts and fair values of Council's Financial Assets & Financial Liabilities recognised in the financial statements is presented below.

	Carrying Value		Fair Value	
	2015	2014	2015	2014
<b>Financial Assets</b>				
Cash and Cash Equivalents	2,842	4,900	2,842	4,900
Investments				
- "Held to Maturity"	19,000	15,500	19,000	15,500
Receivables	1,884	1,867	1,884	1,867
<b>Total Financial Assets</b>	<b>23,726</b>	<b>22,267</b>	<b>23,726</b>	<b>22,267</b>
<b>Financial Liabilities</b>				
Payables	1,238	1,303	1,237	1,303
Loans / Advances	3,715	921	3,715	921
<b>Total Financial Liabilities</b>	<b>4,953</b>	<b>2,224</b>	<b>4,952</b>	<b>2,224</b>

Fair Value is determined as follows:

- **Cash & Cash Equivalents, Receivables, Payables** - are estimated to be the carrying value which approximates mkt value
- **Borrowings & Held to Maturity Investments** - are based upon estimated future cash flows discounted by the current market interest rates applicable to assets & liabilities with similar risk profiles, unless quoted market prices are available.
- Financial Assets classified (i) "**at fair value through profit & loss**" or (ii) **Available for Sale** - are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of financial assets & liabilities

## Narromine Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 15. Financial Risk Management (continued)

\$ '000

##### (a) Cash & Cash Equivalents, Financial assets 'at fair value through the profit & Loss' "Available-for-sale" financial assets & "Held-to-maturity" Investments

Council's objective is to maximise its return on cash & investments whilst maintaining an adequate level of liquidity and preserving capital.

Council has an Investment Policy which complies with the Local Government Act & Minister's Investment Order. This Policy is regularly reviewed by Council and it's staff and an Investment Report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance.

The risks associated with the investments held are:

- **Price Risk** - the risk that the capital value of Investments may fluctuate due to changes in market prices, whether there changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **Interest Rate Risk** - the risk that movements in interest rates could affect returns and income.
- **Credit Risk** - the risk that the investment counterparty) will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council - be it of a capital or income nature.

Council manages these risks (amongst other measures) by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

The following represents a summary of the sensitivity of Council's Income Statement and Accumulated Surplus (for the reporting period) due to a change in either the price of a financial asset or the interest rates applicable.

It is assumed that the change in interest rates would have been constant throughout the reporting period.

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
2015				
Possible impact of a 1% movement in Interest Rates	209	209	209	209
2014				
Possible impact of a 1% movement in Interest Rates	200	200	(200)	(200)

## Narromine Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 15. Financial Risk Management (continued)

\$ '000

## (b) Receivables

Council's major receivables comprise (i) Rates & Annual charges and (ii) User Charges & Fees.

The major risk associated with these receivables is credit risk - the risk that debts due and payable to Council may not be repaid in full.

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures. It also encourages ratepayers to pay their rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of Council to secure a charge over the land relating to the debts - that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates & annual charges at higher than market rates which further encourages the payment of debt.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subjected to a re-negotiation of repayment terms.

A profile of Council's receivables credit risk at balance date follows:

	2015	2015	2014	2014
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
<b>(i) Ageing of Receivables - %</b>				
Current (not yet overdue)	0%	35%	0%	40%
Overdue	100%	65%	100%	60%
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

		2015	2015	2014	2014
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables	Other Receivables
<b>(ii) Ageing of Receivables - value</b>					
Rates & Annual Charges					
Current	-	418	-	273	
< 1 year overdue	409	485	402	573	
1 - 2 years overdue	177	52	147	61	
2 - 5 years overdue	-	5	-	6	
> 5 years overdue	-	363	-	427	
	<b>586</b>	<b>1,323</b>	<b>549</b>	<b>1,340</b>	

**(iii) Movement in Provision for Impairment of Receivables**

	2015	2014
Balance at the beginning of the year	22	27
- amounts provided for but recovered during the year	3	(5)
<b>Balance at the end of the year</b>	<b>25</b>	<b>22</b>

## Narromine Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 15. Financial Risk Management (continued)

\$ '000

## (c) Payables &amp; Borrowings

Payables & Borrowings are both subject to liquidity risk - the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due.

Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

Payment terms can (in extenuating circumstances) also be extended & overdraft facilities utilised as required.

The contractual undiscounted cash outflows (ie. principal and interest) of Council's Payables & Borrowings are set out in the maturity table below:

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
<b>2015</b>									
Trade/Other Payables	5	1,233	-	-	-	-	-	1,238	1,238
Loans & Advances	-	492	465	462	462	463	2,080	4,424	3,715
<b>Total Financial Liabilities</b>	<b>5</b>	<b>1,725</b>	<b>465</b>	<b>462</b>	<b>462</b>	<b>463</b>	<b>2,080</b>	<b>5,662</b>	<b>4,953</b>
<b>2014</b>									
Trade/Other Payables	11	1,292	-	-	-	-	-	1,303	1,303
Loans & Advances	-	140	130	103	100	100	532	1,105	921
<b>Total Financial Liabilities</b>	<b>11</b>	<b>1,432</b>	<b>130</b>	<b>103</b>	<b>100</b>	<b>100</b>	<b>532</b>	<b>2,408</b>	<b>2,224</b>

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs & debt servicing requirements. Council manages this risk through the diversification of borrowing types, maturities & interest rate structures.

The following interest rates were applicable to Council's Borrowings at balance date:

	2015		2014	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	1,238	0.0%	1,303	0.0%
Loans & Advances - Fixed Interest Rate	3,715	4.6%	921	6.8%
	<b>4,953</b>		<b>2,224</b>	



## Narromine Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 14/15 was adopted by the Council on 25 June 2014.

While the Income Statement included in this General Purpose Financial Report must disclose the Original Budget adopted by Council, the Local Government Act requires Council to review its Financial Budget on a Quarterly Basis, so that it is able to manage the various variations between actuals versus budget that invariably occur throughout the year.

This Note sets out the details of MATERIAL VARIATIONS between Council's Original Budget and its Actual results for the year as per the Income Statement - even though such variations may have been adjusted for during each Quarterly Budget Review.

Note that for Variations\* of Budget to Actual :

Material Variations represent those variances that amount to **10%** or more of the original budgeted figure.

**F** = Favourable Budget Variation, **U** = Unfavourable Budget Variation

\$ '000	2015 Budget	2015 Actual	2015 ----- Variance* -----	
<b>REVENUES</b>				
Rates & Annual Charges	7,438	7,211	(227)	(3%) <b>U</b>
User Charges & Fees	2,819	2,597	(222)	(8%) <b>U</b>
Interest & Investment Revenue	837	769	(68)	(8%) <b>U</b>
Other Revenues	430	478	48	11% <b>F</b>
Additional revenue was obtained from insurance claims that were not budgeted for.				
Operating Grants & Contributions	6,939	7,238	299	4% <b>F</b>
Capital Grants & Contributions	1,070	815	(255)	(24%) <b>U</b>
Some capital works with Grants attached were not totally finished within the financial year. The remainder of the grants will be received when work is completed.				
Joint Ventures & Associates - Net Profits	-	4	4	0% <b>F</b>
The final net share of income from the Macquarie Valley Family Day Care is not known until year end and is not budgeted for.				

## Narromine Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 16. Material Budget Variations (continued)

\$ '000	2015 Budget	2015 Actual	2015 Variance* -----		
<b>EXPENSES</b>					
<b>Employee Benefits &amp; On-Costs</b>	7,112	7,088	24	0%	F
<b>Borrowing Costs</b>	150	123	27	18%	F
Council was successful in obtaining LIRS funding during the year. However borrowings relating to this were taken up later in the financial year than budgeted for.					
<b>Materials &amp; Contracts</b>	3,500	2,856	644	18%	F
Garbage collection and recycling costs were overbudgeted for. Quarry operating costs came in under budget. Water mains maintenance was less due to increase in mains replacements. Sewerage treatment costs were less than anticipated.					
<b>Depreciation &amp; Amortisation</b>	5,459	5,166	293	5%	F
<b>Other Expenses</b>	2,355	2,225	130	6%	F
<b>Net Losses from Disposal of Assets</b>	-	249	(249)	0%	U
A loss on the sale of the Aerodrome Ablutions block was not budgeted for.					

## Budget Variations relating to Council's Cash Flow Statement include:

<b>Cash Flows from Operating Activities</b>	6,231	6,391	160	2.6%	F
<b>Cash Flows from Investing Activities</b>	(9,530)	(11,243)	(1,713)	18.0%	U
Additional money was available to invest during the year.					
<b>Cash Flows from Financing Activities</b>	1,452	2,794	1,342	92.4%	F
The LIRS loan borrowings were originally going to be split over two years however it was decided to take the loan up in total in the first year.					

## Narromine Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 17. Statement of Developer Contributions

\$ '000

Council recovers contributions, raises levies & enters into planning agreements on development works that are subject to a development consent issued by Council. All contributions must be spent/utilised for the specific purpose they were levied and any interest applicable to unspent funds must be attributed to remaining funds.

The following tables detail the receipt, interest and use of the above contributions & levies and the value of all remaining funds which are "restricted" in their future use

**SUMMARY OF CONTRIBUTIONS & LEVIES**

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	5	-	-	-	-	-	5	-	(5)	(0)	-
Roads	5	-	-	-	-	-	5	-	(5)	0	-
Open Space	16	-	-	-	-	-	16	-	(16)	-	-
Community Facilities	-	28	-	2	-	-	30	-	(30)	-	-
S94 Contributions - under a Plan	26	28	-	2	-	-	56	-	(56)	(0)	-
<b>Total S94 Revenue Under Plans</b>	<b>26</b>	<b>28</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>56</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
S64 Contributions	198	-	-	6	-	-	204	-	-	-	-
<b>Total Contributions</b>	<b>224</b>	<b>28</b>	<b>-</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>260</b>	<b>-</b>	<b>(56)</b>	<b>(0)</b>	<b>-</b>

**S94 CONTRIBUTIONS - UNDER A PLAN**

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	5	-	-	-	-	-	5	-	(5)	(0)	-
Roads	5	-	-	-	-	-	5	-	(5)	0	-
Open Space	16	-	-	-	-	-	16	-	(16)	-	-
Community Facilities	-	28	-	2	-	-	30	-	(30)	-	-
<b>Total</b>	<b>26</b>	<b>28</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>56</b>	<b>-</b>	<b>(56)</b>	<b>(0)</b>	<b>-</b>

## Narromine Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2015

#### Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position, but their knowledge & disclosure is considered relevant to the users of Council's Financial Report.

#### LIABILITIES NOT RECOGNISED:

##### 1. Guarantees

##### (i) Defined Benefit Superannuation Contribution Plans

Council participates in an employer sponsored Defined Benefit Superannuation Scheme, and makes contributions as determined by the Superannuation Scheme's Trustees.

Member Councils bear responsibility of ensuring there are sufficient funds available to pay out the required benefits as they fall due.

The Schemes most recent full actuarial review indicated that the Net Assets of the Scheme were not sufficient to meet the accrued benefits of the Schemes Defined Benefit member category with member Councils required to make significantly higher contributions in future years.

The Local Government Superannuation Scheme however is unable to provide Council with an accurate estimate of its share of the net deficit and accordingly Council has not recorded any net liability from its Defined Benefit Scheme obligations in accordance with AASB 119.

Future contributions made to the defined benefit scheme to rectify the net deficit position will be recognised as an expense when they become payable - similar to the accounting for Defined Contributions Plans.

##### (ii) Statewide Limited

Council is a member of Statewide Mutual, a mutual pool scheme providing liability insurance to Local Government.

Membership includes the potential to share in either the net assets or liabilities of the fund depending on its past performance. Council's share of the Net Assets or Liabilities reflects Council's contributions to the pool and the result of insurance claims within each of the Fund Years.

The future realisation and finalisation of claims incurred but not reported to 30/6 this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

##### (iii) StateCover Limited

Council is a member of StateCover Mutual Limited and holds a partly paid share in the entity.

StateCover is a company providing workers compensation insurance cover to the NSW Local Government Industry and specifically Council.

Council has a contingent liability to contribute further equity in the event of the erosion of the Company's capital base as a result of the company's past performance and/or claims experience or as a result of any increased prudential requirements from APRA.

These future equity contributions would be required to maintain the company's minimum level of Net Assets in accordance with its Licence Requirements.

##### (iv) Other Guarantees

Council has provided no other Guarantees other than those listed above.

## Narromine Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2015

#### Note 18. Contingencies & Other Assets/Liabilities Not Recognised (continued)

\$ '000

##### LIABILITIES NOT RECOGNISED (continued):

##### 2. Other Liabilities

##### (i) Third Party Claims

The Council is involved from time to time in various claims incidental to the ordinary course of business including claims for damages relating to its services.

Council believes that it is appropriately covered for all claims through its Insurance Coverage and does not expect any material liabilities to eventuate.

##### (ii) S94 Plans

Council levies Section 94/94A Contributions upon various development across the Council area through the required Contributions Plans.

As part of these Plans, Council has received funds for which it will be required to expend the monies in accordance with those Plans.

##### (iii) Potential Land Acquisitions due to Planning Restrictions imposed by Council

Council has classified a number of privately owned land parcels as Local Open Space or Bushland.

As a result, where notified in writing by the various owners, Council will be required to purchase these land parcels.

At reporting date, reliable estimates as to the value of any potential liability (& subsequent land asset) from such potential acquisitions has not been possible.

##### ASSETS NOT RECOGNISED:

##### (i) Land Under Roads

As permitted under AASB 1051, Council has elected not to bring to account Land Under Roads that it owned or controlled up to & including 30/6/08.

##### (ii) Infringement Notices/Fines

Fines & Penalty Income, the result of Council issuing Infringement Notices is followed up and collected by the Infringement Processing Bureau.

Councils Revenue Recognition policy for such income is to account for it as revenue on receipt.

Accordingly, at Year End, there is a potential asset due to Council representing issued but unpaid Infringement Notices.

Due to the limited information available on the status, value and duration of outstanding Notices, Council is unable to determine the value of outstanding income, owned or controlled up to & including 30/6/08.

## Narromine Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 19. Interests in Other Entities

\$ '000

Council's objectives can and in some cases are best met through the use of separate entities & operations.

These operations and entities range from 100% ownership and control through to lower levels of ownership and control via co-operative arrangements with other Councils, Bodies and other Outside Organisations.

The accounting and reporting for these various entities, operations and arrangements varies in accordance with accounting standards, depending on the level of Councils (i) interest and (ii) control and the type (form) of entity/operation, as follows:

##### Controlled Entities (Subsidiaries)

Note 19(a)

Operational arrangements where Council's control (but not necessarily interest) exceeds 50%.

##### Joint Ventures & Associates

Note 19(b)

Joint Ventures are operational arrangements where the parties that have joint control have rights to the net assets of the arrangement.

Associates are separate entities where Council has significant influence over the operations (but neither controls nor jointly controls them).

##### Joint Operations

Note 19(c)

Operational arrangements where the parties that have joint control have rights to specific assets and obligations for specific liabilities relating to the arrangement rather than a right to the net assets of the arrangement.

##### Unconsolidated Structured Entities

Note 19(d)

Unconsolidated Structured Entities represent "special vehicles" that Council has an interest in but which are not controlled by Council and therefore not consolidated as a Subsidiary, Joint Arrangement or Associate. Attributes of Structured Entities include restricted activities, a narrow and well-defined objective and insufficient equity to finance its activities without financial support.

##### Subsidiaries, Joint Arrangements and Associates not recognised

Note 19(e)

#### Accounting Recognition:

(i) Subsidiaries disclosed under Note 19(a) and Joint Operations disclosed at Note 19(c) are accounted for on a "line by line" consolidation basis within the Income Statement and Statement of Financial Position.

(ii) Joint Ventures and Associates as per Notes 19(b)(i) & (ii) are accounted for using the Equity Accounting Method and are disclosed as a 1 line entry in both the Income Statement and Statement of Financial Position.

	Council's Share of Net Income		Council's Share of Net Assets	
	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Joint Ventures	4	(4)	213	209
Associates	-	-	-	-
<b>Total</b>	<b>4</b>	<b>(4)</b>	<b>213</b>	<b>209</b>

## Narromine Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 19. Interests in Other Entities (continued)

\$ '000

## (a) Controlled Entities (Subsidiaries) - being entities &amp; operations controlled by Council

Council has no interest in any Controlled Entities (Subsidiaries).

## (b) Joint Ventures and Associates

Council has incorporated the following Joint Ventures and Associates into its consolidated Financial Statements

## (a) Net Carrying Amounts - Council's Share

Name of Entity	Nature of Relationship	Measurement Method	2015	2014
Macquarie Regional Library	Joint Venture		213	209
<b>Total Carrying Amounts - Material Joint Ventures and Associates</b>			<b>213</b>	<b>209</b>

## (b) Details

Name of Entity	Principal Activity	Place of Business
Macquarie Regional Library	Provision of Library Services	Narromine

## (c) Relevant Interests &amp; Fair Values

Name of Entity	Quoted Fair Value		Interest in Outputs		Interest in Ownership		Proportion of Voting Power	
	2015	2014	2015	2014	2015	2014	2015	2014
Macquarie Regional Library	n/a	n/a	13%	14%	14%	14%	25%	25%

## Narromine Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 19. Interests in Other Entities (continued)

\$ '000

## (b) Joint Ventures and Associates (continued)

## (d) Summarised Financial Information for Joint Ventures &amp; Associates

	Macquarie Regional Library	
	2015	2014
<b>Statement of Financial Position</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	1,317	990
Other Current Assets	62	362
<b>Total Current Assets</b>	<b>1,379</b>	<b>1,352</b>
<b>Non-Current Assets</b>	<b>876</b>	<b>820</b>
<b>Current Liabilities</b>		
Other Current Liabilities	689	647
<b>Total Current Liabilities</b>	<b>689</b>	<b>647</b>
<b>Non-Current Liabilities</b>	<b>37</b>	<b>27</b>
<b>Net Assets</b>	<b>1,529</b>	<b>1,498</b>
<b>Reconciliation of the Carrying Amount</b>		
<b>Opening Net Assets (1 July)</b>	1,498	1,537
<b>Profit/(Loss) for the period</b>	31	(39)
<b>Closing Net Assets</b>	<b>1,529</b>	<b>1,498</b>
<b>Council's share of Net Assets (%)</b>	13.9%	13.9%
<b>Council's share of Net Assets (\$)</b>	213	209
	2015	2014
<b>Statement of Comprehensive Income</b>		
Income	2,536	2,440
Interest Income	37	55
Depreciation & Amortisation	(286)	(325)
Other Expenses	(2,257)	(2,207)
<b>Profit/(Loss) for Period</b>	<b>30</b>	<b>(37)</b>
<b>Total Comprehensive Income</b>	<b>30</b>	<b>(37)</b>
<b>Council's share of Income (%)</b>	13.0%	13.9%
<b>Council's share of Profit/(Loss) (\$)</b>	4	(4)
<b>Council's share of Comprehensive Income (\$)</b>	4	(4)



## Narromine Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 19. Interests in Other Entities (continued)

\$ '000

## (c) Joint Operations

Council has no interest in any Joint Operations.

## (d) Unconsolidated Structured Entities

Council has no Unconsolidated Structured Entities

## (e) Subsidiaries, Joint Arrangements &amp; Associates not recognised

None.

## Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2015	Actual 2014
<b>(a) Retained Earnings</b>			
<b>Movements in Retained Earnings were as follows:</b>			
Balance at beginning of Year (from previous years audited accounts)		118,133	118,672
a. Net Operating Result for the Year		1,405	(539)
<b>Balance at End of the Reporting Period</b>		<b>119,538</b>	<b>118,133</b>
<b>(b) Reserves</b>			
<b>(i) Reserves are represented by:</b>			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		184,721	35,143
<b>Total</b>		<b>184,721</b>	<b>35,143</b>
<b>(ii) Reconciliation of movements in Reserves:</b>			
<b>Infrastructure, Property, Plant &amp; Equipment Revaluation Reserve</b>			
- Opening Balance		35,143	34,522
- Revaluations for the year	95	149,578	621
<b>- Balance at End of Year</b>		<b>184,721</b>	<b>35,143</b>
<b>TOTAL VALUE OF RESERVES</b>		<b>184,721</b>	<b>35,143</b>

## (iii) Nature &amp; Purpose of Reserves

## Infrastructure, Property, Plant &amp; Equipment Revaluation Reserve

- The Infrastructure, Property, Plant & Equipment Revaluation Reserve is used to record increments/decrements of Non Current Asset values due to their revaluation.

## Narromine Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 20. Equity - Retained Earnings and Revaluation Reserves (continued)

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**\$ '000**

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**(c) Correction of Error/s relating to a Previous Reporting Period**

Council made no correction of errors during the current reporting period.

**(d) Voluntary Changes in Accounting Policies**

Council made no voluntary changes in any accounting policies during the year

## Narromine Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 21. Financial Result &amp; Financial Position by Fund

Income Statement by Fund \$ '000	Actual 2015	Actual 2015	Actual 2015
	Water	Sewer	General <sup>1</sup>
<b>Continuing Operations</b>			
<b>Income from Continuing Operations</b>			
Rates & Annual Charges	418	925	5,868
User Charges & Fees	1,131	280	1,186
Interest & Investment Revenue	123	103	559
Other Revenues	16	5	457
Grants & Contributions provided for Operating Purposes	21	20	7,197
Grants & Contributions provided for Capital Purposes	371	-	444
<b>Other Income</b>			
Net Gains from Disposal of Assets	-	-	-
Share of interests in Joint Ventures & Associates using the Equity Method	-	-	4
<b>Total Income from Continuing Operations</b>	<b>2,080</b>	<b>1,333</b>	<b>15,715</b>
<b>Expenses from Continuing Operations</b>			
Employee Benefits & on-costs	403	366	6,319
Borrowing Costs	-	-	139
Materials & Contracts	705	519	1,632
Depreciation & Amortisation	100	330	4,736
Impairment	-	-	-
Other Expenses	171	54	2,000
Interest & Investment Losses	-	-	-
<b>Net Losses from the Disposal of Assets</b>	<b>95</b>	<b>-</b>	<b>154</b>
<b>Total Expenses from Continuing Operations</b>	<b>1,474</b>	<b>1,269</b>	<b>14,980</b>
<b>Operating Result from Continuing Operations</b>	<b>606</b>	<b>64</b>	<b>735</b>
<b>Discontinued Operations</b>			
Net Profit/(Loss) from Discontinued Operations	-	-	-
<b>Net Operating Result for the Year</b>	<b>606</b>	<b>64</b>	<b>735</b>
Net Operating Result attributable to each Council Fund	606	64	735
Net Operating Result attributable to Non-controlling Interests	-	-	-
<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>	<b>235</b>	<b>64</b>	<b>291</b>

<sup>1</sup> General Fund refers to all Council's activities other than Water & Sewer.

NB. All amounts disclosed above are Gross - that is, they include internal charges & recoveries made between the Funds

## Narromine Shire Council

## Notes to the Financial Statements

as at 30 June 2015

## Note 21. Financial Result &amp; Financial Position by Fund (continued)

Statement of Financial Position by Fund \$ '000	Actual 2015	Actual 2015	Actual 2015
	Water	Sewer	General <sup>1</sup>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	2,684	3,577	2,120
Investments	2,431	1,823	9,207
Receivables	541	310	951
Inventories	-	-	1,057
Other	-	-	36
Non-current assets classified as 'held for sale'	-	-	-
<b>Total Current Assets</b>	<b>5,656</b>	<b>5,710</b>	<b>13,371</b>
<b>Non-Current Assets</b>			
Investments	-	-	-
Receivables	14	37	126
Inventories	-	-	-
Infrastructure, Property, Plant & Equipment	7,416	17,736	261,178
Investments Accounted for using the equity method	-	-	213
Investment Property	-	-	-
Intangible Assets	-	-	-
<b>Total Non-Current Assets</b>	<b>7,430</b>	<b>17,773</b>	<b>261,517</b>
<b>TOTAL ASSETS</b>	<b>13,086</b>	<b>23,483</b>	<b>274,888</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	135	13	1,210
Borrowings	-	-	430
Provisions	-	-	1,959
<b>Total Current Liabilities</b>	<b>135</b>	<b>13</b>	<b>3,599</b>
<b>Non-Current Liabilities</b>			
Payables	-	-	-
Borrowings	-	-	3,381
Provisions	-	-	70
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>3,451</b>
<b>TOTAL LIABILITIES</b>	<b>135</b>	<b>13</b>	<b>7,050</b>
<b>Net Assets</b>	<b>12,951</b>	<b>23,470</b>	<b>267,838</b>
<b>EQUITY</b>			
Retained Earnings	8,553	9,187	101,798
Revaluation Reserves	4,398	14,283	166,040
<b>Total Equity</b>	<b>12,951</b>	<b>23,470</b>	<b>267,838</b>

<sup>1</sup> General Fund refers to all Council's activities other than Water & Sewer.

NB. All amounts disclosed above are Gross - that is, they include internal receivables & payables between the Funds.

## Narromine Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 22. "Held for Sale" Non Current Assets &amp; Disposal Groups

\$ '000	2015		2014	
	Current	Non Current	Current	Non Current
<b>(i) Non Current Assets &amp; Disposal Group Assets</b>				
<b>Non Current Assets "Held for Sale"</b>				
Land	-	-	16	-
<b>Total Non Current Assets "Held for Sale"</b>	<b>-</b>	<b>-</b>	<b>16</b>	<b>-</b>

**Disposal Group Assets "Held for Sale"**

None

**(ii) Details of Assets & Disposal Groups**

The asset is ready and available for sale. Local Real Estate Agents are aware that Council has this land available for sale.

**(iii) Disposal Group Liabilities****Disposal Group Related Liabilities "Held for Sale"**

Nil

\$ '000	Assets "Held for Sale"	
	2015	2014
<b>(iv) Reconciliation of Non Current Assets "Held for Sale" &amp; Disposal Groups - i.e. Discontinued Operations</b>		
<b>Opening Balance</b>	16	16
Balance still unsold after 12 months:	16	16
less: Assets no longer classified as "Held for Sale"	(16)	-
<b>Closing Balance of "Held for Sale"</b>	<b>-</b>	<b>16</b>
<b>Non Current Assets &amp; Operations</b>	<b>-</b>	<b>16</b>

## Narromine Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 23. Events occurring after the Reporting Date

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\$ '000

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Events that occur between the end of the reporting period (ending 30 June 2015) and the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Auditors' Report as the applicable "authorised for issue" date relating to these General Purpose Financial Statements.

Accordingly, the "authorised for issue" date is 21/10/15.

Events that occur after the Reporting Period represent one of two types:

**(i) Events that provide evidence of conditions that existed at the Reporting Period**

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2015.

**(ii) Events that provide evidence of conditions that arose after the Reporting Period**

These financial statements (& figures therein) do not incorporate any "non-adjusting events" that have occurred after 30 June 2015 and which are only indicative of conditions that arose after 30 June 2015.

**Council is unaware of any material or significant "non-adjusting events" that should be disclosed.**

#### Note 24. Discontinued Operations

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Council has not classified any of its Operations as "Discontinued".

#### Note 25. Intangible Assets

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Intangible Assets represent identifiable non-monetary asset without physical substance.

Council is unaware of any control over Intangible Assets that warrant recognition in the Financial Statements, including either internally generated and developed assets or purchased assets.

#### Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

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Council has various Garbage Centres and Transfer Stations situated around the community.

These all have useful lives, which on being reached will result in Council having to reinstate these areas through restoration and remediation works.

These future liabilities have however, not been brought to account due to;

- preliminary estimates of the individual amounts required to undertake the future restoration works do not materially affect either Council's Financial Results or Financial Position as at 30/6/15.

Accordingly, no Provision amounts have been brought to account in these Financial Statements for such future Reinstatement & Restoration Costs.

## Narromine Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 27. Fair Value Measurement

\$ '000

The Council measures the following asset and liability classes at fair value on a recurring basis:

- Infrastructure, Property, Plant and Equipment

The fair value of assets and liabilities must be estimated in accordance with various Accounting Standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a "level" in the fair value hierarchy as follows:

**Level 1:** Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(1) The following table presents all assets and liabilities that have been measured & recognised at fair values:

2015	Date of latest Valuation	Fair Value Measurement Hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
<b>Recurring Fair Value Measurements</b>					
<b>Infrastructure, Property, Plant &amp; Equipment</b>					
Plant & Equipment	30/06/14	-	-	3,427	3,427
Office Equipment	30/06/14	-	-	347	347
Furniture & Fittings	30/06/14	-	-	87	87
Operational Land	30/06/13	-	-	4,478	4,478
Community Land	30/06/13	-	-	1,143	1,143
Buildings - Non Specialised	30/06/13	-	-	2,806	2,806
Buildings - Specialised	30/06/13	-	-	16,878	16,878
Other Structures	30/06/14	-	-	1,605	1,605
Roads	30/06/15	-	-	187,808	187,808
Bridges	30/06/15	-	-	19,028	19,028
Footpaths	30/06/15	-	-	1,855	1,855
Stormwater Drainage	30/06/15	-	-	14,221	14,221
Water Supply Network	30/06/12	-	-	6,262	6,262
Sewerage Network	30/06/12	-	-	17,312	17,312
Swimming Pools	30/06/14	-	-	1,664	1,664
Other Open Space/Recreational Assets	30/06/14	-	-	2,007	2,007
Other Infrastructure	30/06/15	-	-	178	178
Aerodrome	30/06/14	-	-	3,999	3,999
<b>Total Infrastructure, Property, Plant &amp; Equipment</b>		<b>-</b>	<b>-</b>	<b>285,105</b>	<b>285,105</b>

## Narromine Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 27. Fair Value Measurement (continued)

\$ '000

(1) The following table presents all assets and liabilities that have been measured & recognised at fair values (continued):

2014	Date of latest Valuation	Fair Value Measurement Hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
<b>Recurring Fair Value Measurements</b>					
<b>Infrastructure, Property, Plant &amp; Equipment</b>					
Plant & Equipment	30/06/14	-	-	3,538	3,538
Office Equipment	30/06/14	-	-	116	116
Furniture & Fittings	30/06/14	-	-	105	105
Operational Land	30/06/13	-	-	4,389	4,389
Community Land	30/06/13	-	-	1,081	1,081
Land under Roads	30/06/14	-	-	63	63
Buildings - Non Specialised	30/06/13	-	-	2,950	2,950
Buildings - Specialised	30/06/13	-	-	17,206	17,206
Other Structures	30/06/14	-	-	1,416	1,416
Roads	30/06/10	-	-	58,538	58,538
Bridges	30/06/10	-	-	6,161	6,161
Footpaths	30/06/10	-	-	1,853	1,853
Stormwater Drainage	30/06/14	-	-	4,675	4,675
Water Supply Network	30/06/12	-	-	6,060	6,060
Sewerage Network	30/06/12	-	-	16,747	16,747
Swimming Pools	30/06/14	-	-	1,688	1,688
Other Open Space/Recreational Assets	30/06/14	-	-	2,028	2,028
Other Infrastructure	30/06/14	-	-	427	427
Aerodrome	30/06/14	-	-	4,214	4,214
<b>Total Infrastructure, Property, Plant &amp; Equipment</b>		<b>-</b>	<b>-</b>	<b>133,255</b>	<b>133,255</b>

## (2) Transfers between Level 1 &amp; Level 2 Fair Value Hierarchies

During the year, there were no transfers between Level 1 and Level 2 Fair Value hierarchies for recurring fair value measurements.



## Narromine Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 27. Fair Value Measurement (continued)

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\$ '000

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##### (3) Valuation techniques used to derive Level 2 and Level 3 Fair Values

Where Council is unable to derive Fair Valuations using quoted market prices of identical assets (ie. Level 1 inputs) Council instead utilises a spread of both observable inputs (Level 2 inputs) and unobservable inputs (Level 3 inputs).

The Fair Valuation techniques Council has employed while utilising Level 2 and Level 3 inputs are as follows:

##### Infrastructure, Property, Plant & Equipment

###### Plant & Equipment, Office Equipment and Furniture & Fittings

Plant & Equipment, Office Equipment and Furniture & Fittings are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value, with depreciation rates applicable to the nature of the items. Examples of assets within these classes are as follows:

- Plant and Equipment - Graders, trucks, rollers, tractors, mowers and motor vehicles.
- Office Equipment - Computer Servers, surveillance equipment, Software, photocopiers, radio equipment etc.
- Furniture & Fittings - Desks, Cabinets, Ergonomic chairs

###### Operational & Community Land & Land under Roads

Operational & Community Land are based on the Land Value provided by an external Valuer in 2013. It is based on average unit rate based on the Land Value for similar properties, having regard to the highest and best use for the land. Operational Land is based on the Valuer land value of the actual market values in the Narromine Shire LGA. Land under Roads is the actual market purchase price of such land made by Council in 2014. As these rates were not considered to be observable market evidence they have been classified a Level 3.

###### Buildings - Non-Specialised & Specialised

Non-Specialised & Specialised Buildings values were provided by an external Valuer in 2013. The approach estimated the replacement cost for each building by componentising the building into significant parts. While all buildings were physically inspected and the unit rates based on square metres no market based evidence (Level 2) could not be established. As such these assets were classified as having been valued as Level 3 valuation inputs.

###### Other Structures

Other Structures comprise of Telemetry Systems, and components related to Cemetery, sale yards, waste facilities, and the family day care etc. The cost approach has been utilised whereby replacement cost was estimated for each asset by taking into account a range of factors. No market based evidence (Level 2) could be supported as such these assets were all classified as having been valued using Level 3 valuation inputs.

###### Roads

Roads Externally valued during 1516 by AssetVal Pty Ltd, major changes include giving road pavement and Seal a long life and a short life component, and seperating the floodways which have shorter lives Market based evidence (level 2) were used for Gravel pavement, Seal, Culverts, Footpath, and K&G

## Narromine Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 27. Fair Value Measurement (continued)

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\$ '000

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#### (3) Valuation techniques used to derive Level 2 and Level 3 Fair Values (continued)

##### Bridges

Bridges Externally valued during 1516 by AssetVal Pty Ltd, major changes include compositing bridges from one asset into components, Substructure, superstructure, abutments ect  
Major Culverts over 6m long were considered bridges and transfered from stormwater into bridges.

##### Footpaths

Footpaths Externally valued during 1516 by AssetVal Pty Ltd.  
Market based evidence (level 2) were used for concrete Footpaths and cycleways

##### Stormwater Network

Stormwater externally valued during 1516 by AssetVal Pty Ltd, with previously unaccounted for assets now valued  
Market based evidence (level 2) were used for culverts, and K&G

##### Water Supply Network

Assets in this class comprise of pipes, valves, pumps, bores, and reservoirs. The Water Network values were provided by an external Valuer in 2012. The unit rates are based on linear metres of certain diameter pipes and prices per pit or similar may be supported from market evidence (Level 2) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. This asset class are indexed each year in line with the NSW Reference Rates Manual as publish by the Office of Water.

##### Sewerage Network

Assets in this class comprise of Treatment Plants, Pumping stations, sewerage pipelines and Manholes. The Sewerage Network values were provided by an external Valuer in 2012. The unit rates are based on linear metres of certain diameter pipes and prices per treatment item or similar may be supported from market evidence (Level 2) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. This asset class are indexed each year in line with the NSW Reference Rates Manual as publish by the Office of Water.

##### Open Space Recreation

Assets within this class comprise playground equipment, softfall surfaces, shade structures, irrigation, fencing, lighting, furniture, sculptures and monuments etc. All assets were valued in-house based on actual costs where known or estimates based on material, size, condition, and linear length and prices per item or similar could be supported from market evidence (Level 2) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value.

## Narromine Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2015

#### Note 27. Fair Value Measurement (continued)

\$ '000

#### (3) Valuation techniques used to derive Level 2 and Level 3 Fair Values (continued)

##### Aerodrome

Assets within this class comprise the Aerodrome sealed runways at Narromine, and the unsealed airstrip at Trangie along with associated furniture, signage, lighting, fencing, and control structures. All assets were valued in-house based on actual costs where known or estimates based on material, size, condition, and linear length and prices per item or if similar could be supported from market evidence (Level 2) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value.

##### Swimming Pools

Assets within this class comprise the 50m 8 lane outdoor pool, and childrens pool at Narromine, and the 25m outdoor pool at Trangie with associated furniture, filtration systems etc. All assets were valued in-house based on actual costs where known or estimates based on material, size, condition, and linear length and prices per item or similar could be supported from market evidence (Level 2) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value.

#### (4). Fair value measurements using significant unobservable inputs (Level 3)

a. The following tables present the changes in Level 3 Fair Value Asset Classes.

	Plant & Equipment	Office Equipment	Furniture & Fittings	Operational Land	Total
<b>Opening Balance - 1/7/13</b>	3,519	107	123	4,389	8,138
Purchases (GBV)	811	13	-	-	824
Disposals (WDV)	(224)	-	-	-	(224)
Depreciation & Impairment	(568)	(4)	(18)	-	(590)
<b>Closing Balance - 30/6/14</b>	<b>3,538</b>	<b>116</b>	<b>105</b>	<b>4,389</b>	<b>8,148</b>
Purchases (GBV)	713	235	-	89	1,037
Disposals (WDV)	(298)	-	-	-	(298)
Depreciation & Impairment	(526)	(5)	(18)	-	(549)
<b>Closing Balance - 30/6/15</b>	<b>3,427</b>	<b>347</b>	<b>87</b>	<b>4,478</b>	<b>8,338</b>

## Narromine Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 27. Fair Value Measurement (continued)

\$ '000

## (4). Fair value measurements using significant unobservable inputs (Level 3) (continued)

## a. The following tables present the changes in Level 3 Fair Value Asset Classes. (continued)

	Community Land	Land under Roads	Buildings - Non Specialised	Buildings Specialised	Total
<b>Opening Balance - 1/7/13</b>	976	-	3,080	17,497	21,553
Purchases (GBV)	104	63	43	318	528
Depreciation & Impairment	-	-	(173)	(609)	(782)
<b>Closing Balance - 30/6/14</b>	<b>1,080</b>	<b>63</b>	<b>2,950</b>	<b>17,206</b>	<b>21,299</b>
Transfers from/(to) another asset class	63	(63)	-	-	-
Purchases (GBV)	-	-	3	633	636
Disposals (WDV)	-	-	-	(340)	(340)
Depreciation & Impairment	-	-	(146)	(621)	(767)
<b>Closing Balance - 30/6/15</b>	<b>1,143</b>	<b>-</b>	<b>2,806</b>	<b>16,878</b>	<b>20,828</b>
	Other Structures	Roads	Bridges	Footpaths	Total
<b>Opening Balance - 1/7/13</b>	1,434	58,307	6,266	1,906	67,913
Purchases (GBV)	42	3,066	-	50	3,158
Disposals (WDV)	-	(156)	-	-	(156)
Depreciation & Impairment	(60)	(2,678)	(105)	(104)	(2,947)
<b>Closing Balance - 30/6/14</b>	<b>1,416</b>	<b>58,539</b>	<b>6,161</b>	<b>1,852</b>	<b>67,968</b>
Transfers from/(to) another asset class	28	18	315	(19)	342
Purchases (GBV)	225	4,829	35	129	5,218
Disposals (WDV)	-	(113)	-	-	(113)
Depreciation & Impairment	(64)	(2,405)	(242)	(89)	(2,800)
FV Gains - Income Statement <sup>1</sup>	-	126,940	12,758	(20)	139,678
<b>Closing Balance - 30/6/15</b>	<b>1,605</b>	<b>187,808</b>	<b>19,028</b>	<b>1,855</b>	<b>210,293</b>

## Narromine Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 27. Fair Value Measurement (continued)

\$ '000

## (4). Fair value measurements using significant unobservable inputs (Level 3) (continued)

## a. The following tables present the changes in Level 3 Fair Value Asset Classes. (continued)

	Stormwater Drainage	Water Supply Network	Sewerage Network	Swimming Pools	Total
<b>Opening Balance - 1/7/13</b>	4,621	5,641	16,252	1,701	28,215
Purchases (GBV)	210	398	379	28	1,015
Disposals (WDV)	-	(52)	-	-	(52)
Depreciation & Impairment	(156)	(92)	(340)	(41)	(629)
Revaluation - Indexation	-	165	456	-	621
<b>Closing Balance - 30/6/14</b>	<b>4,675</b>	<b>6,060</b>	<b>16,747</b>	<b>1,688</b>	<b>29,170</b>
Transfers from/(to) another asset class	(315)	-	-	-	(315)
Purchases (GBV)	198	291	625	17	1,131
Disposals (WDV)	-	(95)	-	-	(95)
Depreciation & Impairment	(208)	(86)	(316)	(41)	(651)
FV Gains - Other Comprehensive Income	9,871	93	256	-	10,220
<b>Closing Balance - 30/6/15</b>	<b>14,221</b>	<b>6,262</b>	<b>17,312</b>	<b>1,664</b>	<b>39,460</b>

	Other Open Space/Re- creational	Other Infra- structure	Aerodrome	Total
<b>Opening Balance - 1/7/13</b>	1,998	421	4,511	6,930
Purchases (GBV)	138	23	-	161
Depreciation & Impairment	(107)	(17)	(297)	(421)
<b>Closing Balance - 30/6/14</b>	<b>2,029</b>	<b>427</b>	<b>4,214</b>	<b>6,670</b>
Transfers from/(to) another asset class	(9)	(20)	-	(29)
Purchases (GBV)	109	101	52	262
Depreciation & Impairment	(122)	(10)	(267)	(399)
FV Gains - Other Comprehensive Income	-	(320)	-	(320)
<b>Closing Balance - 30/6/15</b>	<b>2,007</b>	<b>178</b>	<b>3,999</b>	<b>6,184</b>

## b. Information relating to the transfers into and out of the Level 3 Fair Valuation hierarchy (as disclosed in the Table above) includes:

No Transfers were made in or out of the Level 3 Hierarchy

## Narromine Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 27. Fair Value Measurement (continued)

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\$ '000

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#### (4). Fair value measurements using significant unobservable inputs (Level 3) (continued);

##### c. The Valuation Process for Level 3 Fair Value Measurements

###### Fair Value- Valuation techniques

The valuation techniques prescribed by AASB 13 can be summarised as:

'Cost Approach': A valuation technique that reflects the amount what would be required to replace the service capacity of an asset (current replacement cost)

Income Approach: Valuation technique that converts future amounts (cash flows inflows/outflows) to signal the current (i.e. discounted) amount.

The fair value measurement is determined on the basis of the value indicated by current market expectations about these future amounts.

'Market Approach': A valuation technique that uses prices and other relevant information, generated by market transactions involving identical or comparable (similar) assets, liabilities or a group of assets and liabilities such as a business.

###### Valuation techniques used to derive Level 2 and Level 3 Fair Values

Where Council is unable to derive Fair Valuations using quoted market prices of identical assets (i.e. Level 1 inputs), Council instead utilises a spread of both observable inputs (Level 2 inputs) and unobservable inputs (Level 3 inputs).

The Fair Valuation techniques Council has employed while utilising Level 2 and Level 3 inputs are as follows: Level 2 valuation process for some asset classes where the basis was Cost Approach under level 2 input which were determined based on, whereby maximising observable inputs and minimising unobservable inputs as below:

- Quoted prices for similar asset in active markets
- Current replacement cost concept
- Purchase price
- Useful life

Level 3 valuation process for some asset classes where the basis was Cost Approach, The inputs used for this technique were:

- Pattern of consumption
- Asset Condition
- Unit rates
- Useful life

#### (5). Highest and best use

All of Council's non financial assets are considered as being utilised for their highest and best use.

**NARROMINE SHIRE COUNCIL**  
**GENERAL PURPOSE FINANCIAL STATEMENTS**  
**INDEPENDENT AUDITORS' REPORT**

---

**REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying general purpose financial statements of Narromine Shire Council, which comprises the Statement of Financial Position as at 30 June 2015, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Councillors and Management. The financial statements include the consolidated financial statements of the economic entity and the entities it controlled at year end or from time to time during the year.

***Responsibility of Council for the Financial Statements***

The Council is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1993. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

***Auditors' Responsibility***

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. Our audit responsibility does not extend to the original budget information disclosed in the Income Statement, Statement of Cash Flows, and Note 2(a) or the budget variation explanations disclosed in Note 16. Nor does our responsibility extend to the projected future developer contributions and costs disclosed in Note 17. Accordingly, no opinion is expressed on these matters.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial statements. Our audit did not involve an analysis of the prudence of business decisions made by Council or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Independence***

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

### ***Auditor's Opinion***

In our opinion,

- (a) the Council's accounting records have been kept in accordance with the requirements of the Local Government Act 1993, Chapter 13 part 3 Division 2; and
- (b) the financial statements:
  - (i) have been presented in accordance with the requirements of this Division;
  - (ii) are consistent with the Council's accounting records;
  - (iii) present fairly the Council's financial position, the results of its operations and its cash flows; and
  - (iv) are in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia.
- (c) all information relevant to the conduct of the audit has been obtained; and
- (d) there are no material deficiencies in the accounting records or financial statements that we have become aware of during the course of the audit.

## **HILL ROGERS SPENCER STEER**



**BRETT HANGER**  
Partner

Dated at Sydney this 21st day of October 2015



21 October 2015

The Mayor  
Narromine Shire Council  
124 Dandaloo Street  
**NARROMINE NSW 2821**

Mayor,

### **Audit Report - Year Ended 30 June 2015**

We are pleased to advise completion of the audit of Council's books and records for the year ended 30 June 2015 and that all information required by us was readily available. We have signed our reports as required under Section 417(1) of the Local Government Act, 1993 and the Local Government Code of Accounting Practice and Financial Reporting to the General and Special Purpose Financial Statements.

Our audit has been conducted in accordance with Australian Auditing Standards so as to express an opinion on both the General and Special Purpose Financial Statements of the Council. We have ensured that the financial statements have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and the Local Government Code of Accounting Practice and Financial Reporting.

This report on the conduct of the audit is also issued under Section 417(1) and we now offer the following comments on the financial statements and the audit:

#### **I. RESULTS FOR THE YEAR**

##### ***1.1 Operating Result***

The operating result for the year was a surplus of \$1.405 million as compared with a deficit of \$539,000 in the previous year.

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The following table sets out the results for the year and the extent (%) that each category of revenue and expenses contributed to the total.

	2015	% of	2014	% of	Increase
	\$000	Total	\$000	Total	(Decrease)
					\$000
<b>Revenues before capital items</b>					
Rates & annual charges	7,211	39%	6,975	44%	236
User charges, fees & other revenues	3,079	17%	3,287	21%	(208)
Grants & contributions provided for operating purposes	7,238	40%	4,813	30%	2,425
Interest & investment revenue	769	4%	809	5%	(40)
	<b>18,297</b>	<b>100%</b>	<b>15,884</b>	<b>100%</b>	<b>2,413</b>
<b>Expenses</b>					
Employee benefits & costs	7,088	40%	6,618	37%	470
Materials, contracts & other expenses	5,330	30%	5,950	33%	(620)
Depreciation, amortisation & impairment	5,166	29%	5,369	30%	(203)
Borrowing costs	123	1%	61	0%	62
	<b>17,707</b>	<b>100%</b>	<b>17,998</b>	<b>100%</b>	<b>(291)</b>
<b>Surplus (Deficit) before capital items</b>	<b>590</b>		<b>(2,114)</b>		<b>2,704</b>
Grants & contributions provided for capital purposes	815		1,575		(760)
<b>Net Surplus (Deficit) for the year</b>	<b>1,405</b>		<b>(539)</b>		<b>1,944</b>
<b>Performance Measures</b>					
	<b>2015</b>		<b>2014</b>		
Operating Performance	4.56%		-12.21%		
Own Source Operating Revenue	57.86%		63.41%		

The table above shows an overall increase from the previous year of \$1.944 million and is attributable to a one-off timing difference relating to the payment of the Financial Assistance Grant; which ceased being in paid advance during the prior year.

**Operating Performance** measures the ability to contain operating expenditure within operating revenue excluding capital amounts. For 2015, this indicator was 4.56% and exceeded the benchmark of 0%.

**Own Source Operating Revenue** measures the degree of reliance on external funding sources such as grants and contributions. For 2015, this indicator was 57.86% and was below the benchmark of 60%. As identified in Note 13(a), this performance measure would increase to 78.26% with the inclusion of the Financial Assistance Grant (\$3.899 million).

## 1.2 Funding Result

As the operating result only accounts for operating income and expenditure, in reviewing the overall financial performance of Council, it is useful to consider the total source of revenues and how they were applied during the year which is illustrated in the table below.

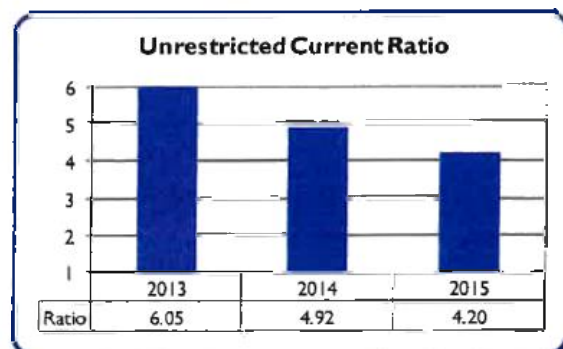
	2015	2014
	\$000	\$000
<b>Funds were provided by:-</b>		
<b>Operating Result (as above)</b>	<b>1,405</b>	<b>(539)</b>
Add back non funding items:-		
- Depreciation, amortisation & impairment	5,166	5,369
- Book value of non-current assets sold	845	432
- (Surplus)/Deficit in joint ventures	(4)	4
	<u>7,412</u>	<u>5,266</u>
New loan borrowings	3,000	0
Transfers from internal reserves (net)	0	2,120
Net Changes in current/non-current assets & liabilities	0	20
	<u>10,412</u>	<u>7,406</u>
<b>Funds were applied to:-</b>		
Purchase and construction of assets	(8,423)	(6,041)
Principal repaid on loans	(206)	(79)
Transfers to externally restricted assets (net)	(1,404)	(934)
Transfers to internal reserves (net)	(705)	0
Net Changes in current/non current assets & liabilities	(14)	0
	<u>(10,752)</u>	<u>(7,054)</u>
<b>Increase/(Decrease) in Available Working Capital</b>	<b>(340)</b>	<b>352</b>

## 2. FINANCIAL POSITION

### 2.1 Unrestricted Current Ratio

The Unrestricted Current Ratio is a financial indicator specific to local government and represents Council's ability to meet its debts and obligations as they fall due.

After eliminating externally restricted assets and current liabilities not expected to be paid within the next 12 months net current assets amounted to \$7.421 million representing a factor of 4.2 to 1.



## Narromine Shire Council

## Statement of Comprehensive Income

for the financial year ended 30 June 2015

\$ '000	Notes	Actual 2015	Actual 2014
<b>Net Operating Result for the year</b> (as per Income statement)		<b>1,405</b>	<b>(539)</b>
<b>Other Comprehensive Income:</b>			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	149,578	621
<b>Total Items which will not be reclassified subsequently to the Operating Result</b>		<b>149,578</b>	<b>621</b>
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Nil			
<b>Total Other Comprehensive Income for the year</b>		<b>149,578</b>	<b>621</b>
<b>Total Comprehensive Income for the Year</b>		<b>150,983</b>	<b>82</b>
Total Comprehensive Income attributable to Council		150,983	82
Total Comprehensive Income attributable to Non-controlling Interests		-	-

## Narromine Shire Council

Statement of Changes in Equity  
for the financial year ended 30 June 2015

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
<b>2015</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		118,133	35,143	153,276	-	153,276
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance</b> (as at 1/7/14)		<b>118,133</b>	<b>35,143</b>	<b>153,276</b>	<b>-</b>	<b>153,276</b>
c. Net Operating Result for the Year		1,405	-	1,405	-	1,405
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsvs	20b (i)	-	149,578	149,578	-	149,578
<b>Other Comprehensive Income</b>		<b>-</b>	<b>149,578</b>	<b>149,578</b>	<b>-</b>	<b>149,578</b>
<b>Total Comprehensive Income (c&amp;d)</b>		<b>1,405</b>	<b>149,578</b>	<b>150,983</b>	<b>-</b>	<b>150,983</b>
<b>Equity - Balance at end of the reporting period</b>		<b>119,538</b>	<b>184,721</b>	<b>304,259</b>	<b>-</b>	<b>304,259</b>

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
<b>2014</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		118,672	34,522	153,194	-	153,194
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance</b> (as at 1/7/13)		<b>118,672</b>	<b>34,522</b>	<b>153,194</b>	<b>-</b>	<b>153,194</b>
c. Net Operating Result for the Year		(539)	-	(539)	-	(539)
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsvs	20b (i)	-	621	621	-	621
<b>Other Comprehensive Income</b>		<b>-</b>	<b>621</b>	<b>621</b>	<b>-</b>	<b>621</b>
<b>Total Comprehensive Income (c&amp;d)</b>		<b>(539)</b>	<b>621</b>	<b>82</b>	<b>-</b>	<b>82</b>
<b>Equity - Balance at end of the reporting period</b>		<b>118,133</b>	<b>35,143</b>	<b>153,276</b>	<b>-</b>	<b>153,276</b>

### 3.3 Cash Flows

The Statement of Cash Flows illustrates the flow of cash (highly liquid cash and investments) moving in and out of Council during the year and reveals that cash decreased by \$2.058 million to \$2.842 million at the close of the year.

In addition to operating activities which contributed net cash of \$6.391 million were the proceeds from the sale of investment securities (\$35.5 million), receipts of loan funds (\$3 million) and sale of assets (\$781,000). Cash outflows other than operating activities were used to purchase investment securities (\$39 million), repay borrowings (\$206,000) and to purchase and construct assets (\$8.524 million).

## 4. RECEIVABLES

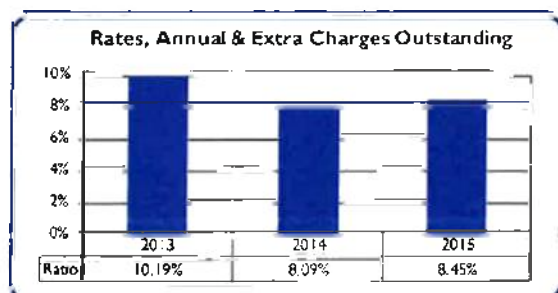
### 4.1 Rates & Annual Charges (excluding interest & extra charges)

Net rates and annual charges levied during the year totalled \$7.211 million and represented 38% of Council's total revenues.

Including arrears, the total rates and annual charges collectible was \$7.747 million of which \$7.175 million (93%) was collected.

### 4.2 Rates, Annual & Extra Charges

Arrears of rates, annual and extra charges stood at \$667,000 at the end of the year and represented 8.45% of those receivables.



### 4.3 Other Receivables

Receivables (other than Rates & Annual Charges) totalled \$1.217 million and included amounts due from other levels of government of \$412,000 and user charges amounting to \$370,000.

## 5. PAYABLES

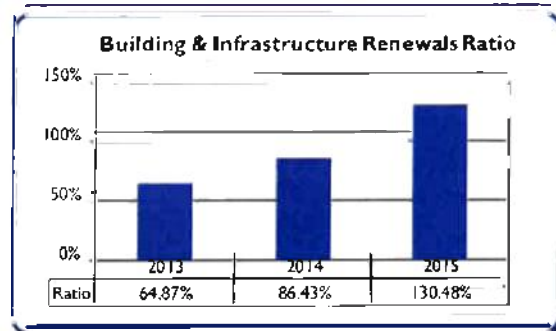
### Employees Leave Entitlements

Council's provision for its liability toward employees leave entitlements and associated on costs amounted to \$2.029 million. Internally restricted cash and investments of \$608,000 was held representing 30% of this liability and was, in our opinion, sufficient to meet unbudgeted and unanticipated retirements.

## 6. BUILDING AND INFRASTRUCTURE RENEWALS

The Building and Infrastructure Renewals ratio measures the rate at which these assets are renewed against the rate at which they are depreciating.

Special Schedule No. 7 discloses that asset renewals for 2015 represented 130% of the depreciation charges for these assets. An industry benchmark is considered to be 100%, measured annually over the long term.



## 7. REVALUATION OF ASSETS

Council's infrastructure, property, plant and equipment are required to be carried at fair value with revaluations of each asset class to be performed at least every five years.

During the year, water and sewerage asset values were indexed and roads and other infrastructure assets were revalued. This resulted in a net increase of \$150 million that was credited directly to Equity. Notes 1(j) and 9 of the financial statements provide further details.

## 8. MANAGEMENT LETTER

An audit management letter addressing the findings from our interim audit was issued on 20 March 2015 and included our suggestions on possible ways to strengthen and/or improve procedures.

## 9. CONCLUSION

We wish to record our appreciation to your General Manager and his staff for their ready co-operation and the courtesies extended to us during the conduct of the audit.

Yours faithfully,

**HILL ROGERS SPENCER STEER**

**BRETT HANGER**

Partner

# Narromine Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2015

---

*To enhance our Shire's image, lifestyle and  
environment through effective leadership, community  
involvement and commitment to service.*





## Narromine Shire Council

### Special Purpose Financial Statements

for the financial year ended 30 June 2015

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#### Background

(i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Division of Local Government in fulfilling their requirements under National Competition Policy.

(ii) The principle of competitive neutrality is based on the concept of a "level playing field" between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, State or Local, should operate without net competitive advantages over other businesses as a result of their public ownership.

(iii) For Council, the principle of competitive neutrality & public reporting applies only to declared business activities.

These include (a) those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation and (b) those activities with a turnover of over \$2 million that Council has formally declared as a Business Activity (defined as Category 1 activities).

(iv) In preparing these financial statements for Council's self classified Category 1 businesses and ABS defined activities, councils must (a) adopt a corporatisation model and (b) apply full cost attribution including tax equivalent regime payments & debt guarantee fees (where the business benefits from councils borrowing position by comparison with commercial rates).

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## Narromine Shire Council

### Special Purpose Financial Statements

for the financial year ended 30 June 2015

### Statement by Councillors and Management

made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

The attached Special Purpose Financial Statements have been prepared in accordance with:


- The NSW Government Policy Statement "Application of National Competition Policy to Local Government".
- The Division of Local Government Guidelines "Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality".
- The Local Government Code of Accounting Practice and Financial Reporting.
- The NSW Office of Water (Department of Environment, Climate Change and Water) Guidelines - "Best Practice Management of Water and Sewerage".


To the best of our knowledge and belief, these Financial Statements:

- Present fairly the Operating Result and Financial Position for each of Council's declared Business Activities for the year, and
- Accord with Council's accounting and other records.

We are not aware of any matter that would render these Statements false or misleading in any way.

Signed in accordance with a resolution of Council made on 09 September 2015.

  
 Bill McAnally  
 MAYOR

  
 Susan McCutcheon  
 COUNCILLOR

  
 Greg Lamont  
 GENERAL MANAGER

  
 Yvonne Clarke  
 RESPONSIBLE ACCOUNTING OFFICER

## Narromine Shire Council

## Income Statement of Council's Water Supply Business Activity

for the financial year ended 30 June 2015

\$ '000	Actual 2015	Actual 2014
<b>Income from continuing operations</b>		
Access charges	418	411
User charges	1,106	1,062
Fees	25	7
Interest	118	103
Interest - Internal Loan to General Fund	5	11
Grants and contributions provided for non capital purposes	21	21
Other income	16	18
<b>Total income from continuing operations</b>	<b>1,709</b>	<b>1,633</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	403	144
Materials and contracts	705	746
Depreciation and impairment	100	108
Water purchase charges	-	-
Loss on sale of assets	95	52
Debt guarantee fee (if applicable)	-	-
Other expenses	171	202
<b>Total expenses from continuing operations</b>	<b>1,474</b>	<b>1,252</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>235</b>	<b>381</b>
Grants and contributions provided for capital purposes	371	-
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>606</b>	<b>381</b>
Surplus (deficit) from discontinued operations	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>606</b>	<b>381</b>
less: Corporate Taxation Equivalent (30%) (based on result before capital)	(71)	(114)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>536</b>	<b>267</b>
plus Opening Retained Profits	7,774	7,431
plus/less: Prior Period Adjustments	173	(38)
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	-	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	71	114
less:		
- Tax Equivalent Dividend paid	-	-
- Surplus dividend paid	-	-
<b>Closing Retained Profits</b>	<b>8,553</b>	<b>7,774</b>
<b>Return on Capital %</b>	<b>3.2%</b>	<b>5.7%</b>
<b>Subsidy from Council</b>	<b>-</b>	<b>-</b>
Calculation of dividend payable:		
Surplus (deficit) after tax	536	267
less: Capital grants and contributions (excluding developer contributions)	(371)	-
<b>Surplus for dividend calculation purposes</b>	<b>165</b>	<b>267</b>
<b>Potential Dividend calculated from surplus</b>	<b>82</b>	<b>133</b>

## Narromine Shire Council

## Income Statement of Council's Sewerage Business Activity

for the financial year ended 30 June 2015

\$ '000	Actual 2015	Actual 2014
<b>Income from continuing operations</b>		
Access charges	925	905
User charges	264	257
Liquid Trade Waste charges	14	17
Fees	2	2
Interest	92	81
Interest - Internal Loan to General Fund	11	15
Grants and contributions provided for non capital purposes	20	20
Profit from the sale of assets	-	-
Other income	5	4
<b>Total income from continuing operations</b>	<b>1,333</b>	<b>1,301</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	366	86
Borrowing costs	-	-
Materials and contracts	519	588
Depreciation and impairment	330	357
Loss on sale of assets	-	-
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	54	64
<b>Total expenses from continuing operations</b>	<b>1,269</b>	<b>1,095</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>64</b>	<b>206</b>
Grants and contributions provided for capital purposes	-	-
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>64</b>	<b>206</b>
Surplus (deficit) from discontinued operations	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>64</b>	<b>206</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(19)	(62)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>45</b>	<b>144</b>
plus Opening Retained Profits	8,855	8,670
plus/less: Prior Period Adjustments	268	(21)
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	-	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	19	62
less:		
- Tax Equivalent Dividend paid	-	-
- Surplus dividend paid	-	-
<b>Closing Retained Profits</b>	<b>9,187</b>	<b>8,855</b>
Return on Capital %	0.4%	1.2%
<b>Subsidy from Council</b>	<b>472</b>	<b>403</b>
Calculation of dividend payable:		
Surplus (deficit) after tax	45	144
less: Capital grants and contributions (excluding developer contributions)	-	-
<b>Surplus for dividend calculation purposes</b>	<b>45</b>	<b>144</b>
<b>Potential Dividend calculated from surplus</b>	<b>22</b>	<b>72</b>

## Narromine Shire Council

Statement of Financial Position - Council's Water Supply Business Activity  
as at 30 June 2015

\$ '000	Actual 2015	Actual 2014
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	2,684	2,332
Investments	2,431	2,431
Receivables	541	691
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>5,656</b>	<b>5,454</b>
<b>Non-Current Assets</b>		
Investments	-	-
Receivables	14	11
Inventories	-	-
Infrastructure, property, plant and equipment	7,416	6,669
Investments accounted for using equity method	-	-
Investment property	-	-
Intangible Assets	-	-
Other	-	-
<b>Total non-Current Assets</b>	<b>7,430</b>	<b>6,680</b>
<b>TOTAL ASSETS</b>	<b>13,086</b>	<b>12,134</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Payables	135	54
Interest bearing liabilities	-	-
Provisions	-	-
<b>Total Current Liabilities</b>	<b>135</b>	<b>54</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>135</b>	<b>54</b>
<b>NET ASSETS</b>	<b>12,951</b>	<b>12,080</b>
<b>EQUITY</b>		
Retained earnings	8,553	7,774
Revaluation reserves	4,398	4,306
Council equity interest	12,951	12,080
Non-controlling equity interest	-	-
<b>TOTAL EQUITY</b>	<b>12,951</b>	<b>12,080</b>

## Narromine Shire Council

## Statement of Financial Position - Council's Sewerage Business Activity

as at 30 June 2015

\$ '000	Actual 2015	Actual 2014
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	3,577	3,846
Investments	1,823	1,823
Receivables	310	373
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>5,710</b>	<b>6,042</b>
<b>Non-Current Assets</b>		
Investments	-	-
Receivables	37	30
Inventories	-	-
Infrastructure, property, plant and equipment	17,736	17,098
Investments accounted for using equity method	-	-
Investment property	-	-
Intangible Assets	-	-
Other	-	-
<b>Total non-Current Assets</b>	<b>17,773</b>	<b>17,128</b>
<b>TOTAL ASSETS</b>	<b>23,483</b>	<b>23,170</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Payables	13	287
Interest bearing liabilities	-	-
Provisions	-	-
<b>Total Current Liabilities</b>	<b>13</b>	<b>287</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>13</b>	<b>287</b>
<b>NET ASSETS</b>	<b>23,470</b>	<b>22,883</b>
<b>EQUITY</b>		
Retained earnings	9,187	8,855
Revaluation reserves	14,283	14,028
Council equity interest	23,470	22,883
Non-controlling equity interest	-	-
<b>TOTAL EQUITY</b>	<b>23,470</b>	<b>22,883</b>

## Narromine Shire Council

### Special Purpose Financial Statements

for the financial year ended 30 June 2015

#### Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	8
2	Water Supply Business Best Practice Management disclosure requirements	11
3	Sewerage Business Best Practice Management disclosure requirements	13

## Narromine Shire Council

### Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Significant Accounting Policies

These financial statements are a Special Purpose Financial Statements (SPFS) prepared for use by Council and the Office of Local Government.

For the purposes of these statements, the Council is not a reporting not-for-profit entity.

The figures presented in these special purpose financial statements, unless otherwise stated, have been prepared in accordance with:

- the recognition and measurement criteria of relevant Australian Accounting Standards.
- other authoritative pronouncements of the Australian Accounting Standards Board (AASB) &
- Australian Accounting Interpretations.

The disclosures in these special purpose financial statements have been prepared in accordance with:

- the Local Government Act and Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

The statements are also prepared on an accruals basis, based on historic costs and do not take into account changing money values nor current values of non-current assets (except where specifically stated).

Certain taxes and other costs (appropriately described) have been imputed for the purposes of the National Competition Policy.

#### National Competition Policy

Council has adopted the principle of 'competitive neutrality' to its business activities as part of the national competition policy which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 Government Policy statement on the "Application of National Competition Policy to Local Government".

The "Pricing & Costing for Council Businesses A Guide to Competitive Neutrality" issued by the Office of Local Government in July 1997 has also been adopted.

The pricing & costing guidelines outline the process for identifying and allocating costs to activities and provide a standard of disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents; council subsidies; return on investments (rate of return); and dividends paid.

#### Declared Business Activities

In accordance with *Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality*, Council has declared that the following are to be considered as business activities:

##### Category 1

(where gross operating turnover is over \$2 million)

Nil

##### Category 2

(where gross operating turnover is less than \$2 million)

#### a. Narromine Shire Council Water Supply

*Comprising the whole of the operations and net assets of the water supply activities of Council servicing the towns of Narromine, Trangie, and Tomingley*

#### b. Narromine Shire Council Sewerage Service

*Comprising the whole of the operations and net assets of the sewerage reticulation and treatment activities of Council servicing the towns of Narromine and Trangie*

#### Monetary Amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest one thousand dollars, with the exception of some figures disclosed in Note 2 (Water Supply Best Practice Management Disclosures) and Note 3 (Sewerage Best Practice Management Disclosures).

As required by the NSW Office of Water (Department of Primary Industries) the amounts shown in Notes 2 and Note 3 are disclosed in whole dollars.



## Narromine Shire Council

### Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2015

#### Note 1. Significant Accounting Policies

##### (i) Taxation Equivalent Charges

Council is liable to pay various taxes and financial duties in undertaking its business activities. Where this is the case, they are disclosed in these statements as a cost of operations just like all other costs.

However, where Council is exempt from paying taxes which are generally paid by private sector businesses (such as income tax), equivalent tax payments have been applied to all Council nominated business activities and are reflected in these financial statements.

For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all council nominated business activities (this does not include council's non-business activities):

##### Notional Rate Applied %

Corporate Income Tax Rate – 30%

Land Tax – The first **\$432,000** of combined land values attracts **0%**. From \$432,001 to \$2,641,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,641,000, a premium marginal rate of **2.0%** applies.

Payroll Tax – **5.45%** on the value of taxable salaries and wages in excess of \$750,000.

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from Water Supply and Sewerage Business activities.

The payment of taxation equivalent charges, referred in the Best Practice Management of Water Supply and Sewerage Guides to as a "Dividend for Taxation equivalent", may be applied for any purpose allowed under the Local Government Act, 1993.

Achievement of substantial compliance against the guidelines for Best Practice Management of Water Supply and Sewerage is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

##### Income Tax

An income tax equivalent has been applied on the profits of each reported Business Activity.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account of in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level (gain/(loss) from ordinary activities before capital amounts) as would be applied by a private sector competitor – that is, it should include a provision equivalent to the corporate income tax rate, currently 30%.

Income Tax is only applied where a positive gain/(loss) from ordinary activities before capital amounts has been achieved.

Since this taxation equivalent is notional - that is, it is payable to the "Council" as the owner of business operations, it represents an internal payment and has no effect on the operations of the council. Accordingly, there is no need for disclosure of internal charges in Council's General Purpose Financial Statements.

The rate applied of 30% is the equivalent company tax rate prevalent as at balance date. No adjustments have been made for variations that have occurred during the year.

##### Local Government Rates & Charges

A calculation of the equivalent rates and charges payable on all Category 1 businesses has been applied to all land assets owned or exclusively used by the Business Activity.

##### Loan & Debt Guarantee Fees

The debt guarantee fee is designed to ensure that council business activities face "true" commercial borrowing costs in line with private sector competitors.

In order to calculate a debt guarantee fee, council has determined what the differential borrowing rate would have been between the commercial rate and the council's borrowing rate for its business activities.

## Narromine Shire Council

### Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Significant Accounting Policies

##### (ii) Subsidies

Government policy requires that subsidies provided to customers and the funding of those subsidies must be explicitly disclosed.

Subsidies occur where council provides services on a less than cost recovery basis. This option is exercised on a range of services in order for council to meet its community service obligations.

Accordingly, Subsidies disclosed (in relation to National Competition Policy) represents the difference between revenue generated from 'rate of return' pricing and revenue generated from prices set by the council in any given financial year.

The overall effect of subsidies is contained within the Income Statement of each reported Business Activity.

##### (iii) Return on Investments (Rate of Return)

The Policy statement requires that councils with Category 1 businesses "would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field".

Such funds are subsequently available for meeting commitments or financing future investment strategies.

The Rate of Return on Capital is calculated as follows:

**Operating Result before Capital Income + Interest Expense**

**Written Down Value of I,PP&E as at 30 June**

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.02% at 30/6/15.

The actual rate of return achieved by each Business Activity is disclosed at the foot of each respective Income Statement.

##### (iv) Dividends

Council is not required to pay dividends to either itself (as owner of a range of businesses) or to any external entities.

Local Government Water Supply and Sewerage Businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

The dividend, calculated and approved in accordance with the Best Practice Management Guidelines, must not exceed either:

- (i) 50% of this surplus in any one year, or
- (ii) the number of water supply or sewerage assessments at 30 June 2015 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the NSW Office of Water prior to making the dividend and only after it has approved the payment.

## Narromine Shire Council

## Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2015

## Note 2. Water Supply Business

## Best Practice Management disclosure requirements

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2015

**1. Calculation and Payment of Tax-Equivalents**

[All Local Government Local Water Utilities must pay this dividend for tax-equivalents]

(i)	Calculated Tax Equivalents	-
(ii)	No of assessments multiplied by \$3/assessment	6,708
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	-
(iv)	Amounts actually paid for Tax Equivalents	-

**2. Dividend from Surplus**

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	82,250																
(ii)	No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	67,080																
(iii)	Cumulative surplus before Dividends for the 3 years to 30 June 2015, less the cumulative dividends paid for the 2 years to 30 June 2014 & 30 June 2013	665,000																
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%;">2015 Surplus</td> <td style="width: 25%; text-align: center;">164,500</td> <td style="width: 25%;">2014 Surplus</td> <td style="width: 25%; text-align: center;">266,700</td> </tr> <tr> <td></td> <td></td> <td>2014 Dividend</td> <td style="text-align: center;">-</td> </tr> <tr> <td></td> <td></td> <td>2013 Surplus</td> <td style="text-align: center;">233,800</td> </tr> <tr> <td></td> <td></td> <td>2013 Dividend</td> <td style="text-align: center;">-</td> </tr> </table>			2015 Surplus	164,500	2014 Surplus	266,700			2014 Dividend	-			2013 Surplus	233,800			2013 Dividend	-
2015 Surplus	164,500	2014 Surplus	266,700															
		2014 Dividend	-															
		2013 Surplus	233,800															
		2013 Dividend	-															
(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	67,080																
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment Criteria]	-																

**3. Required outcomes for 6 Criteria**

[To be eligible for the payment of a "Dividend from Surplus", ALL the Criteria below need a "YES"]

(i)	Completion of Strategic Business Plan (including Financial Plan)	YES
(ii)	Full Cost Recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	YES
	- Complying charges [Item 2(b) in Table 1]	YES
	- DSP with Commercial Developer Charges [Item 2(e) in Table 1]	YES
	- If Dual Water Supplies, Complying Charges [Item 2(g) in Table 1]	YES
(iii)	Sound Water Conservation and Demand Management implemented	YES
(iv)	Sound Drought Management implemented	YES
(v)	Complete Performance Reporting Form (by 15 September each year)	YES
(vi)	a. Integrated Water Cycle Management Evaluation	YES
	b. Complete and implement Integrated Water Cycle Management Strategy	YES

## Narromine Shire Council

## Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2015

## Note 2. Water Supply Business

## Best Practice Management disclosure requirements (continued)

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Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2015


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## National Water Initiative (NWI) Financial Performance Indicators

NWI F1	Total Revenue (Water) Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9) - Aboriginal Communities W&S Program Income (w10a)	\$'000	1,586
NWI F4	Revenue from Residential Usage Charges (Water) Income from Residential Usage Charges (w6b) x 100 divided by the sum of [Income from Residential Usage Charges (w6a) + Income from Residential Access Charges (w6b)]	%	74.19%
NWI F9	Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47)	\$'000	7,394
NWI F11	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000	1,279
NWI F14	Capital Expenditure (Water) Acquisition of fixed assets (w16)	\$'000	291
NWI F17	Economic Real Rate of Return (Water) [Total Income (w13) - Interest Income (w9) - Grants for acquisition of assets (w11a) - Operating Costs (NWI F11) - Current Cost Depreciation (w3)] x 100 divided by [Written Down Current Cost of System Assets (w47) + Plant & Equipment (w33b)]	%	2.79%
NWI F26	Capital Works Grants (Water) Grants for the Acquisition of Assets (w11a)	\$'000	371

- Notes:
- References to w (eg. w12) refer to item numbers within Special Schedules No. 3 & 4 of Council's Annual Financial Statements.
  - The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.

## Narromine Shire Council

## Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2015

## Note 3. Sewerage Business

## Best Practice Management disclosure requirements

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2015

**1. Calculation and Payment of Tax-Equivalents**

[All Local Government Local Water Utilities must pay this dividend for tax-equivalents]

(i)	Calculated Tax Equivalents	-
(ii)	No of assessments multiplied by \$3/assessment	6,174
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	-
(iv)	Amounts actually paid for Tax Equivalents	-

**2. Dividend from Surplus**

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	22,400
(ii)	No. of assessments x (\$30 less tax equivalent charges per assessment)	61,740
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2015, less the cumulative dividends paid for the 2 years to 30 June 2014 & 30 June 2013	284,200

2015 Surplus	44,800	2014 Surplus	144,200	2013 Surplus	95,200
		2014 Dividend	-	2013 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	22,400
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment Criteria]	-

**3. Required outcomes for 4 Criteria**

[To be eligible for the payment of a "Dividend from Surplus". ALL the Criteria below need a "YES"]

(i)	Completion of Strategic Business Plan (including Financial Plan)	YES
(ii)	Pricing with full cost-recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	YES
	Complying charges	
	(a) Residential [Item 2(c) in Table 1]	YES
	(b) Non Residential [Item 2(c) in Table 1]	YES
	(c) Trade Waste [Item 2(d) in Table 1]	YES
	DSP with Commercial Developer Charges [Item 2(e) in Table 1]	YES
	Liquid Trade Waste Approvals & Policy [Item 2(f) in Table 1]	YES
(iii)	Complete Performance Reporting Form (by 15 September each year)	YES
(iv)	a. Integrated Water Cycle Management Evaluation	NO
	b. Complete and implement Integrated Water Cycle Management Strategy	NO

## Narromine Shire Council

## Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2015

## Note 3. Sewerage Business

## Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2015

## National Water Initiative (NWI) Financial Performance Indicators

NWI F2	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10) - Aboriginal Communities W&S Program Income (w10a)	\$'000	1,230
NWI F10	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	17,671
NWI F12	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	929
NWI F15	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	688
NWI F18	Economic Real Rate of Return (Sewerage) [Total Income (s14) - Interest Income (s10) - Grants for acquisition of Assets (s12a) - Operating cost (NWI F12) - Current cost depreciation (s3)] x 100 divided by [Written down current cost (ie. WDCC) of System Assets (s48) + Plant & Equipment (s34b)]	%	-0.16%
NWI F27	Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a)	\$'000	-

National Water Initiative (NWI) Financial Performance Indicators  
Water & Sewer (combined)

NWI F3	Total Income (Water & Sewerage) Total Income (w13 + s14) + Gain/Loss on disposal of assets (w14 + s15) minus Grants for acquisition of assets (w11a + s12a) - Interest Income (w9 + s10)	\$'000	2,721
NWI F8	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	1.51%
NWI F16	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	979
NWI F19	Economic Real Rate of Return (Water & Sewerage) [Total Income (w13 + s14) - Interest Income (w9 + s10) - Grants for acquisition of assets (w11a + s12a) - Operating Cost (NWI F11 + NWI F12) - Current cost depreciation (w3 + s3)] x 100 divided by [Written down replacement cost of fixed assets (NWI F9 + NWI F10) + Plant & equipment (w33b + s34b)]	%	0.71%
NWI F20	Dividend (Water & Sewerage) Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)	\$'000	-
NWI F21	Dividend Payout Ratio (Water & Sewerage) Dividend (NWI F20) x 100 divided by Net Profit after tax (NWI F24)	%	0.00%

## Narromine Shire Council

Notes to the Special Purpose Financial Statements  
for the financial year ended 30 June 2015Note 3. Sewerage Business  
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2015

National Water Initiative (NWI) Financial Performance Indicators  
Water & Sewer (combined)

NWI F22	Net Debt to Equity (Water & Sewerage) Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31) x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]	%	-28.87%
NWI F23	Interest Cover (Water & Sewerage) Earnings before Interest & Tax (EBIT) divided by Net Interest  Earnings before Interest & Tax (EBIT): <span style="border: 1px solid black; padding: 2px;">178</span> Operating Result (w15a + s16a) + Interest expense (w4a + s4a) - Interest Income (w9 + s10) - Gain/Loss on disposal of assets (w14 + s15) + Miscellaneous Expenses (w4b + w4c + s4b + s4c)  Net Interest: <span style="border: 1px solid black; padding: 2px;">- 226</span> Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		> 100
NWI F24	Net Profit After Tax (Water & Sewerage) Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))	\$'000	299
NWI F25	Community Service Obligations (Water & Sewerage) Grants for Pensioner Rebates (w11b + s12b)	\$'000	41

- Notes:
1. References to w (eg. s12) refer to item numbers within Special Schedules No. 5 & 6 of Council's Annual Financial Statements.
  2. The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.



**NARROMINE SHIRE COUNCIL**

**SPECIAL PURPOSE FINANCIAL STATEMENTS**

**INDEPENDENT AUDITORS' REPORT**

---

**REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying special purpose financial statements of Narromine Shire Council, which comprises the Statement of Financial Position as at 30 June 2015, Income Statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Councillors and Management.

***Responsibility of Council for the Financial Statements***

The Council is responsible for the preparation and fair presentation of the financial statements in accordance with the Local Government Act 1993 and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial statements, are appropriate to meet the financial reporting requirements of the Office of Local Government. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

***Auditors' Responsibility***

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. Our audit responsibility does not extend to the best practice management disclosures in Notes 2 and 3 and, accordingly, no opinion is expressed on these disclosures.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial statements.

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Our audit did not involve an analysis of the prudence of business decisions made by Council or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Independence***

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

***Auditor's Opinion***

In our opinion, the special purpose financial statements of the Council are presented fairly in accordance with the requirements of those applicable Accounting Standards detailed in Note I and the Local Government Code of Accounting Practice and Financial Reporting.

***Basis of Accounting***

Without modifying our opinion, we draw attention to Note I to the financial statements, which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the financial reporting requirements of the Office of Local Government. As a result, the financial statements may not be suitable for another purpose.

**HILL ROGERS SPENCER STEER**



**BRETT HANGER**  
Partner

Dated at Sydney this 21st day of October 2015

# Narromine Shire Council

SPECIAL SCHEDULES  
for the year ended 30 June 2015

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*To enhance our Shire's image, lifestyle and  
environment through effective leadership, community  
involvement and commitment to service.*



# Narromine Shire Council

## Special Schedules

for the financial year ended 30 June 2015

Contents		Page
<b>Special Schedules<sup>1</sup></b>		
- Special Schedule No. 1	Net Cost of Services	2
- Special Schedule No. 2(a)	Statement of Long Term Debt (all purposes)	4
- Special Schedule No. 2(b)	Statement of Internal Loans (Sect 410(3) LGA 1993)	5
- Special Schedule No. 3	Water Supply Operations - incl. Income Statement	6
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- Notes to Special Schedules No. 3 & 5		16
- Special Schedule No. 7	Report on Infrastructure Assets (as at 30 June 2015)	17
- Special Schedule No. 8	Financial Projections	n/a
- Special Schedule No. 9	Permissible Income Calculation	22

<sup>1</sup> Special Schedules are not audited (with the exception of Special Schedule 9).

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### Background

- (i) These Special Schedules have been designed to meet the requirements of special purpose users such as
- the NSW Grants Commission
  - the Australian Bureau of Statistics (ABS),
  - the NSW Office of Water (NOW), and
  - the Office of Local Government (OLG).
- (ii) The financial data is collected for various uses including:
- the allocation of Financial Assistance Grants,
  - the incorporation of Local Government financial figures in national statistics,
  - the monitoring of loan approvals,
  - the allocation of borrowing rights, and
  - the monitoring of the financial activities of specific services.

## Narromine Shire Council

## Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2015

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
<b>Governance</b>	<b>1,528</b>	-	-	<b>(1,528)</b>
<b>Administration</b>	<b>1,660</b>	<b>348</b>	-	<b>(1,312)</b>
<b>Public Order and Safety</b>				
Fire Service Levy, Fire Protection, Emergency Services	365	176	-	(189)
Beach Control	-	-	-	-
Enforcement of Local Govt. Regulations	-	-	-	-
Animal Control	169	25	-	(144)
Other	-	-	-	-
<b>Total Public Order &amp; Safety</b>	<b>534</b>	<b>201</b>	-	<b>(333)</b>
<b>Health</b>	<b>112</b>	<b>87</b>	-	<b>(25)</b>
<b>Environment</b>				
Noxious Plants and Insect/Vermin Control	223	76	-	(147)
Other Environmental Protection	10	-	-	(10)
Solid Waste Management	1,131	1,290	-	159
Street Cleaning	183	-	-	(183)
Drainage	23	-	-	(23)
Stormwater Management	250	56	-	(194)
<b>Total Environment</b>	<b>1,820</b>	<b>1,422</b>	-	<b>(398)</b>
<b>Community Services and Education</b>				
Administration & Education	41	-	-	(41)
Social Protection (Welfare)	-	-	-	-
Aged Persons and Disabled	4	-	-	(4)
Children's Services	775	711	-	(64)
<b>Total Community Services &amp; Education</b>	<b>820</b>	<b>711</b>	-	<b>(109)</b>
<b>Housing and Community Amenities</b>				
Public Cemeteries	110	71	-	(39)
Public Conveniences	86	-	-	(86)
Street Lighting	116	-	-	(116)
Town Planning	287	126	28	(133)
Other Community Amenities	-	-	-	-
<b>Total Housing and Community Amenities</b>	<b>599</b>	<b>197</b>	<b>28</b>	<b>(374)</b>
<b>Water Supplies</b>	<b>1,125</b>	<b>1,704</b>	<b>371</b>	<b>950</b>
<b>Sewerage Services</b>	<b>1,013</b>	<b>1,322</b>	-	<b>309</b>

## Narromine Shire Council

## Special Schedule No. 1 - Net Cost of Services (continued)

for the financial year ended 30 June 2015

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
<b>Recreation and Culture</b>				
Public Libraries	438	47	-	(391)
Museums	2	-	225	223
Art Galleries	-	-	-	-
Community Centres and Halls	48	41	1	(6)
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	7	-	-	(7)
Sporting Grounds and Venues	364	78	80	(206)
Swimming Pools	298	79	-	(219)
Parks & Gardens (Lakes)	637	3	-	(634)
Other Sport and Recreation	218	-	-	(218)
<b>Total Recreation and Culture</b>	<b>2,012</b>	<b>248</b>	<b>306</b>	<b>(1,458)</b>
<b>Fuel &amp; Energy</b>	-	-	-	-
<b>Agriculture</b>	-	-	-	-
<b>Mining, Manufacturing and Construction</b>				
Building Control	-	-	-	-
Other Mining, Manufacturing & Construction	(85)	124	-	209
<b>Total Mining, Manufacturing and Const.</b>	<b>(85)</b>	<b>124</b>	-	<b>209</b>
<b>Transport and Communication</b>				
Urban Roads (UR) - Local	1,001	-	-	(1,001)
Urban Roads - Regional	-	-	-	-
Sealed Rural Roads (SRR) - Local	1,359	615	25	(719)
Sealed Rural Roads (SRR) - Regional	1,002	1,372	-	370
Unsealed Rural Roads (URR) - Local	1,025	22	-	(1,003)
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	-	-	-	-
Bridges on SRR - Local	1	-	-	(1)
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	277	-	-	(277)
Parking Areas	15	-	-	(15)
Footpaths	119	-	85	(34)
Aerodromes	535	94	-	(441)
Other Transport & Communication	738	370	-	(368)
<b>Total Transport and Communication</b>	<b>6,072</b>	<b>2,473</b>	<b>110</b>	<b>(3,489)</b>
<b>Economic Affairs</b>				
Camping Areas & Caravan Parks	-	-	-	-
Other Economic Affairs	497	284	-	(213)
<b>Total Economic Affairs</b>	<b>497</b>	<b>284</b>	-	<b>(213)</b>
<b>Totals – Functions</b>	<b>17,707</b>	<b>9,121</b>	<b>815</b>	<b>(7,771)</b>
<b>General Purpose Revenues <sup>(2)</sup></b>		<b>9,172</b>		<b>9,172</b>
<b>Share of interests - joint ventures &amp; associates using the equity method</b>	-	<b>4</b>		<b>4</b>
<b>NET OPERATING RESULT <sup>(1)</sup></b>	<b>17,707</b>	<b>18,297</b>	<b>815</b>	<b>1,405</b>

(1) As reported in the Income Statement

(2) Includes: Rates &amp; Annual Charges (incl. Ex Gratia, excl. Water &amp; Sewer), Non Capital: General Purpose Grants, Interest on Investments (excl. Ext. Restricted Assets) &amp; Interest on overdue Rates &amp; Annual Charges

# Narromine Shire Council

## Special Schedule No. 2(a) - Statement of Long Term Debt (all purpose)

for the financial year ended 30 June 2015

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
<b>Loans (by Source)</b>											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-
Other State Government	2	18	20	-	2	-	-	1	2	16	18
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	82	819	901	3,000	204	-	-	122	332	3,365	3,697
Other	-	-	-	-	-	-	-	-	-	-	-
<b>Total Loans</b>	<b>84</b>	<b>837</b>	<b>921</b>	<b>3,000</b>	<b>206</b>	<b>-</b>	<b>-</b>	<b>123</b>	<b>334</b>	<b>3,381</b>	<b>3,715</b>
<b>Other Long Term Debt</b>											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
<b>Total Long Term Debt</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Debt</b>	<b>84</b>	<b>837</b>	<b>921</b>	<b>3,000</b>	<b>206</b>	<b>-</b>	<b>-</b>	<b>123</b>	<b>334</b>	<b>3,381</b>	<b>3,715</b>

Notes: Excludes (i) Internal Loans & (ii) Principal Inflows/Outflows relating to Loan Re-Financing.

This Schedule is prepared using the face value of debt obligations, rather than fair value (which are reported in the GPFS).

## Narromine Shire Council

### Special Schedule No. 2(b) - Statement of Internal Loans [Section 410(3) LGA 1993]

for the financial year ended 30 June 2015

\$'000

#### Summary of Internal Loans

Borrower (by purpose)	Amount originally raised	Total repaid during the year (Principal & Interest)	Principal Outstanding at end of year
General	1,270	180	96
Water			
Sewer			
Domestic Waste Management			
Gas			
Other			
<b>Totals</b>	<b>1,270</b>	<b>180</b>	<b>96</b>

Note: The summary of Internal Loans (above) represents the total of Council's Internal Loans categorised according to the borrower.

#### Details of Individual Internal Loans

Borrower (by purpose)	Lender (by purpose)	Date of Minister's Approval	Date Raised	Term (years)	Dates of Maturity	Rate of Interest	Amount Originally raised	Total repaid during year (Princ. & Int.)	Principal Outstanding at end of year
General Fund	Water Fund	17/08/04	30/06/06	10	30/06/16	6.50%	750	106	-
General Fund	Sewer Fund	05/01/11	30/06/12	10	30/06/15	7.00%	520	74	96
<b>Totals</b>							<b>1,270</b>	<b>180</b>	<b>96</b>

## Narromine Shire Council

## Special Schedule No. 3 - Water Supply Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2015

\$'000	Actuals 2015	Actuals 2014
<b>A Expenses and Income</b>		
<b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	319	363
b. Engineering and Supervision	379	101
<b>2. Operation and Maintenance expenses</b>		
- Dams & Weirs		
a. Operation expenses	-	-
b. Maintenance expenses	-	-
- Mains		
c. Operation expenses	-	-
d. Maintenance expenses	157	190
- Reservoirs		
e. Operation expenses	-	-
f. Maintenance expenses	10	29
- Pumping Stations		
g. Operation expenses (excluding energy costs)	14	13
h. Energy costs	148	183
i. Maintenance expenses	148	130
- Treatment		
j. Operation expenses (excluding chemical costs)	31	22
k. Chemical costs	-	-
l. Maintenance expenses	43	34
- Other		
m. Operation expenses	19	18
n. Maintenance expenses	11	9
o. Purchase of water	-	-
<b>3. Depreciation expenses</b>		
a. System assets	95	101
b. Plant and equipment	5	7
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	-	-
b. Revaluation Decrements	-	-
c. Other expenses	-	52
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalent Dividends (actually paid)	-	-
<b>5. Total expenses</b>	<b>1,379</b>	<b>1,252</b>



## Narromine Shire Council

## Special Schedule No. 3 - Water Supply Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2015

\$'000	Actuals 2015	Actuals 2014
<b>Income</b>		
<b>6. Residential charges</b>		
a. Access (including rates)	391	368
b. Usage charges	1,124	1,062
<b>7. Non-residential charges</b>		
a. Access (including rates)	28	43
b. Usage charges	-	-
<b>8. Extra charges</b>	6	7
<b>9. Interest income</b>	123	113
<b>10. Other income</b>	16	19
<b>10a. Aboriginal Communities Water and Sewerage Program</b>	-	-
<b>11. Grants</b>		
a. Grants for acquisition of assets	371	-
b. Grants for pensioner rebates	21	21
c. Other grants	-	-
<b>12. Contributions</b>		
a. Developer charges	-	-
b. Developer provided assets	-	-
c. Other contributions	-	-
<b>13. Total income</b>	<b>2,080</b>	<b>1,633</b>
<b>14. Gain (or loss) on disposal of assets</b>	(95)	-
<b>15. Operating Result</b>	<b>606</b>	<b>381</b>
<b>15a. Operating Result (less grants for acquisition of assets)</b>	235	381

## Narromine Shire Council

## Special Schedule No. 3 - Water Supply Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2015

\$'000	Actuals 2015	Actuals 2014
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>16. Acquisition of Fixed Assets</b>		
a. New Assets for Improved Standards	15	13
b. New Assets for Growth	11	146
c. Renewals	265	239
d. Plant and equipment	-	8
<b>17. Repayment of debt</b>		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
<b>18. Transfer to sinking fund</b>	-	-
<b>19. Totals</b>	<b>291</b>	<b>406</b>
<b>Non-operating funds employed</b>		
<b>20. Proceeds from disposal of assets</b>	-	-
<b>21. Borrowing utilised</b>		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
<b>22. Transfer from sinking fund</b>	-	-
<b>23. Totals</b>	<b>-</b>	<b>-</b>
<b>C Rates and charges</b>		
<b>24. Number of assessments</b>		
a. Residential (occupied)	1,937	1,933
b. Residential (unoccupied, ie. vacant lot)	19	22
c. Non-residential (occupied)	265	260
d. Non-residential (unoccupied, ie. vacant lot)	15	14
<b>25. Number of ETs for which developer charges were received</b>	- ET	- ET
<b>26. Total amount of pensioner rebates (actual dollars)</b>	\$ 19,070	\$ 18,771

## Narromine Shire Council

## Special Schedule No. 3 - Water Supply Cross Subsidies

for the financial year ended 30 June 2015

\$'000	Yes	No	Amount
<b>D Best practice annual charges and developer charges*</b>			
<b>27. Annual charges</b>			
a. Does Council have best-practice water supply annual charges and usage charges*?	<input type="checkbox"/> YES	<input type="checkbox"/>	
If Yes, go to 28a.			
If No, please report if council has removed <b>land value</b> from access charges (ie rates)?	<input type="checkbox"/>	<input type="checkbox"/>	
NB. Such charges for both residential customers and non-residential customers comply with section 3.2 of Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy <b>from</b> residential customers using less than allowance (page 25 of Guidelines)			<input type="text"/>
c. Cross-subsidy <b>to</b> non-residential customers (page 24 of Guidelines)			<input type="text"/>
d. Cross-subsidy <b>to</b> large connections in unmetered supplies (page 26 of Guidelines)			<input type="text"/>
<b>28. Developer charges</b>			
a. Has council completed a water supply Development Servicing** Plan?	<input type="checkbox"/> YES	<input type="checkbox"/>	
b. Total cross-subsidy in water supply developer charges for 2014/15 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
<b>29. Disclosure of cross-subsidies</b>			
<b>Total of cross-subsidies (27b +27c + 27d + 28b)</b>			<input type="text" value="-"/>

\* Councils which have not yet implemented best practice water supply pricing should disclose cross-subsidies in items 27b, 27c and 27d above.

However, disclosure of cross-subsidies is **not** required where a Council has implemented best practice pricing and is phasing in such pricing over a period of 3 years.

## Narromine Shire Council

## Special Schedule No. 4 - Water Supply Statement of Financial Position

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
as at 30 June 2015

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<b>ASSETS</b>			
<b>30. Cash and investments</b>			
a. Developer charges	-	-	-
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	5,115	-	5,115
<b>31. Receivables</b>			
a. Specific purpose grants	219	-	219
b. Rates and Availability Charges	31	14	45
c. User Charges	-	-	-
d. Other	291	-	291
<b>32. Inventories</b>	-	-	-
<b>33. Property, plant and equipment</b>			
a. System assets	-	7,394	7,394
b. Plant and equipment	-	22	22
<b>34. Other assets</b>	-	-	-
<b>35. Total assets</b>	<b>5,656</b>	<b>7,430</b>	<b>13,086</b>
<b>LIABILITIES</b>			
<b>36. Bank overdraft</b>	-	-	-
<b>37. Creditors</b>	135	-	135
<b>38. Borrowings</b>			
a. Loans	-	-	-
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>39. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
<b>40. Total liabilities</b>	<b>135</b>	<b>-</b>	<b>135</b>
<b>41. NET ASSETS COMMITTED</b>	<b>5,521</b>	<b>7,430</b>	<b>12,951</b>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			8,553
<b>43. Asset revaluation reserve</b>			4,398
<b>44. TOTAL EQUITY</b>			<b>12,951</b>
Note to system assets:			
<b>45. Current replacement cost of system assets</b>			17,204
<b>46. Accumulated current cost depreciation of system assets</b>			(9,810)
<b>47. Written down current cost of system assets</b>			<b>7,394</b>

## Narromine Shire Council

## Special Schedule No. 5 - Sewerage Service Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2015

\$'000	Actuals 2015	Actuals 2014
<b>A Expenses and Income</b>		
<b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	279	523
b. Engineering and Supervision	405	125
<b>2. Operation and Maintenance expenses</b>		
- Mains		
a. Operation expenses	-	5
b. Maintenance expenses	37	36
- Pumping Stations		
c. Operation expenses (excluding energy costs)	57	89
d. Energy costs	-	-
e. Maintenance expenses	2	1
- Treatment		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	98	112
g. Chemical costs	-	-
h. Energy costs	44	62
i. Effluent Management	-	-
j. Biosolids Management	-	-
k. Maintenance expenses	2	11
- Other		
l. Operation expenses	-	-
m. Maintenance expenses	5	12
<b>3. Depreciation expenses</b>		
a. System assets	322	101
b. Plant and equipment	8	7
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	-	-
b. Revaluation Decrements	-	-
c. Other expenses	10	12
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalent Dividends (actually paid)	-	-
<b>5. Total expenses</b>	<b>1,269</b>	<b>1,096</b>

## Narromine Shire Council

## Special Schedule No. 5 - Sewerage Service Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2015

\$'000	Actuals 2015	Actuals 2014
<b>Income</b>		
<b>6. Residential charges</b> (including rates)	941	914
<b>7. Non-residential charges</b>		
a. Access (including rates)	(25)	(26)
b. Usage charges	268	270
<b>8. Trade Waste Charges</b>		
a. Annual Fees	6	5
b. Usage charges	12	16
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
<b>9. Extra charges</b>	-	-
<b>10. Interest income</b>	103	97
<b>11. Other income</b>	8	6
<b>11a. Aboriginal Communities Water &amp; Sewerage Program</b>	-	-
<b>12. Grants</b>		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	20	20
c. Other grants	-	-
<b>13. Contributions</b>		
a. Developer charges	-	-
b. Developer provided assets	-	-
c. Other contributions	-	-
<b>14. Total income</b>	<u>1,333</u>	<u>1,302</u>
<b>15. Gain (or loss) on disposal of assets</b>	-	-
<b>16. Operating Result</b>	<u>64</u>	<u>206</u>
<b>16a. Operating Result (less grants for acquisition of assets)</b>	64	206

## Narromine Shire Council

## Special Schedule No. 5 - Sewerage Service Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2015

\$'000	Actuals 2015	Actuals 2014
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>17. Acquisition of Fixed Assets</b>		
a. New Assets for Improved Standards	-	32
b. New Assets for Growth	-	-
c. Renewals	625	347
d. Plant and equipment	63	-
<b>18. Repayment of debt</b>		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
<b>19. Transfer to sinking fund</b>	-	-
<b>20. Totals</b>	<b>688</b>	<b>379</b>
<b>Non-operating funds employed</b>		
<b>21. Proceeds from disposal of assets</b>	-	-
<b>22. Borrowing utilised</b>		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
<b>23. Transfer from sinking fund</b>	-	-
<b>24. Totals</b>	<b>-</b>	<b>-</b>
<b>C Rates and charges</b>		
<b>25. Number of assessments</b>		
a. Residential (occupied)	1,758	1,755
b. Residential (unoccupied, ie. vacant lot)	26	29
c. Non-residential (occupied)	260	260
d. Non-residential (unoccupied, ie. vacant lot)	14	14
<b>26. Number of ETs for which developer charges were received</b>	- ET	- ET
<b>27. Total amount of pensioner rebates (actual dollars)</b>	\$ 18,249	\$ 17,994

## Narromine Shire Council

## Special Schedule No. 5 - Sewerage Service Cross Subsidies

for the financial year ended 30 June 2015

\$'000	Yes	No	Amount
<b>D Best practice annual charges and developer charges*</b>			
<b>28. Annual charges</b>			
<b>a.</b> Does Council have best-practice sewerage annual charges, usage charges and trade waste fees & charges*?	<input type="checkbox"/> YES	<input type="checkbox"/>	
If Yes, go to 29a.			
If No, please report if council has removed <b>land value</b> from access charges (ie rates)?	<input type="checkbox"/>	<input type="checkbox"/>	
NB. Such charges for both residential customers and non-residential customers comply with section 4.2 & 4.3 of the Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
<b>b.</b> Cross-subsidy <b>to</b> non-residential customers (page 45 of Guidelines)			<input type="text"/>
<b>c.</b> Cross-subsidy <b>to</b> trade waste discharges (page 46 of Guidelines)			<input type="text"/>
<b>29. Developer charges</b>			
<b>a.</b> Has council completed a sewerage Development Servicing** Plan?	<input type="checkbox"/> YES	<input type="checkbox"/>	
<b>b.</b> Total cross-subsidy in sewerage developer charges for 2014/15 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
<b>30. Disclosure of cross-subsidies</b>			
<b>Total of cross-subsidies (28b + 28c + 29b)</b>			<input type="text"/> -

\* Councils which have not yet implemented best practice sewer pricing & liquid waste pricing should disclose cross-subsidies in items 28b and 28c above.

However, disclosure of cross-subsidies is **not** required where a Council has implemented best practice sewerage and liquid waste pricing and is phasing in such pricing over a period of 3 years.



## Narromine Shire Council

## Special Schedule No. 6 - Sewerage Service Statement of Financial Position

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
as at 30 June 2015

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<b>ASSETS</b>			
<b>31. Cash and investments</b>			
a. Developer charges	-	-	-
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	5,400	-	5,400
<b>32. Receivables</b>			
a. Specific purpose grants	-	-	-
b. Rates and Availability Charges	84	37	121
c. User Charges	-	-	-
d. Other	226	-	226
<b>33. Inventories</b>	-	-	-
<b>34. Property, plant and equipment</b>			
a. System assets	-	17,671	17,671
b. Plant and equipment	-	65	65
<b>35. Other assets</b>	-	-	-
<b>36. Total Assets</b>	<b>5,710</b>	<b>17,773</b>	<b>23,483</b>
<b>LIABILITIES</b>			
<b>37. Bank overdraft</b>	-	-	-
<b>38. Creditors</b>	13	-	13
<b>39. Borrowings</b>			
a. Loans	-	-	-
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>40. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
<b>41. Total Liabilities</b>	<b>13</b>	<b>-</b>	<b>13</b>
<b>42. NET ASSETS COMMITTED</b>	<b>5,697</b>	<b>17,773</b>	<b>23,470</b>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			9,187
<b>44. Asset revaluation reserve</b>			14,283
<b>45. TOTAL EQUITY</b>			<b>23,470</b>
<b>Note to system assets:</b>			
<b>46. Current replacement cost of system assets</b>			28,599
<b>47. Accumulated current cost depreciation of system assets</b>			(10,928)
<b>48. Written down current cost of system assets</b>			<b>17,671</b>

## Narromine Shire Council

### Notes to Special Schedule No.'s 3 & 5 for the financial year ended 30 June 2015

#### Administration <sup>(1)</sup>

(item 1a of Special Schedules 3 and 5) comprises the following:

- Administration staff:
  - Salaries and allowance
  - Travelling expenses
  - Accrual of leave entitlements
  - Employment overheads.
- Meter reading.
- Bad and doubtful debts.
- Other administrative/corporate support services.

#### Engineering and supervision <sup>(1)</sup>

(item 1b of Special Schedules 3 and 5) comprises the following:

- Engineering staff:
  - Salaries and allowance
  - Travelling expenses
  - Accrual of leave entitlements
  - Employment overheads.
- Other technical and supervision staff:
  - Salaries and allowance
  - Travelling expenses
  - Accrual of leave entitlements
  - Employment overheads.

**Operational expenses** (item 2 of Special Schedules 3 and 5) comprise the day to day operational expenses excluding maintenance expenses.

**Maintenance expenses** (item 2 of Special Schedules 3 and 5) comprise the day to day repair and maintenance expenses. (Refer to Section 5 of the Local Government Asset Accounting Manual regarding capitalisation principles and the distinction between capital and maintenance expenditure).

**Other expenses** (item 4c of Special Schedules 3 and 5) includes all expenses not recorded elsewhere.

**Revaluation decrements** (item 4b of Special Schedules 3 and 5) is to be used when I,PP&E decreases in FV.

**Impairment Losses** (item 4d & 4e of Special Schedules 3 and 5) are to be used when the carrying amount of an asset exceeds its recoverable amount (refer to page D-31).

**Aboriginal Communities Water and Sewerage Program** (item 4f of Special Schedules 3 and 5) is to be used when operation and maintenance work has been undertaken on behalf of the Aboriginal Communities Water and Sewerage Program. Similarly, income for item 11a of Special Schedule 3 and item 12a of Special Schedule 5 are for services provided to the Aboriginal Communities Water and Sewerage Program and is not part of Council's water supply and sewerage revenue.

**Residential charges**<sup>(2)</sup> (items 6a, 6b and item 6 of Special Schedules 3 and 5 respectively) include all income from residential charges. Item 6 of Schedule 3 should be separated into 6a Access Charges (including rates if applicable) and 6b Usage Charges.

**Non-residential charges**<sup>(2)</sup> (items 7a, 7b of Special Schedules 3 and 5) include all income from non-residential charges separated into 7a Access Charges (including rates if applicable) and 7b Usage Charges.

**Trade waste charges** (item 8 of Special Schedule 5) include all income from trade waste charges separated into 8a Annual Fees, 8b Usage Charges and 8c Excess Mass Charges and 8d Re-inspection Fees.

**Other income** (items 10 and 11 of Special Schedules 3 and 5 respectively) include all income not recorded elsewhere.

**Other contributions** (items 12c and 13c of Special Schedules 3 and 5 respectively) incl. capital contributions for water supply or sewerage services received by Council under Section 565 of the Local Government Act.

#### Notes:

<sup>(1)</sup> Administration and engineering costs for the development of capital works projects should be reported as part of the capital cost of the project and not as part of the recurrent expenditure (ie. in item 16 for water supply and item 17 for sewerage, and **not** in items 1a and 1b).

<sup>(2)</sup> To enable accurate reporting of **residential revenue from usage charges**, it is essential for councils to accurately separate their residential (item 6) charges and non-residential (item 7) charges.

# Narromine Shire Council

## Special Schedule No. 7 - Report on Infrastructure Assets

as at 30 June 2015

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV				
						1	2	3	4	5
						refer (4) & (5)				
Buildings	Specialised Buildings	169	250	274	16,878	20%	45%	24%	10%	1%
	Non Specialised Buildings	84	50	65	2,806	10%	40%	37%	10%	3%
	<b>sub total</b>	<b>253</b>	<b>300</b>	<b>339</b>	<b>19,684</b>	<b>18.6%</b>	<b>44.3%</b>	<b>25.9%</b>	<b>10.0%</b>	<b>1.3%</b>
Other Structures	Other Structures	48	100	100	1,605	5%	25%	57%	10%	3%
	<b>sub total</b>	<b>48</b>	<b>100</b>	<b>100</b>	<b>1,605</b>	<b>5.0%</b>	<b>25.0%</b>	<b>57.0%</b>	<b>10.0%</b>	<b>3.0%</b>
Roads	Sealed Roads	1,444	1,025	1,133	159,809	9%	20%	55%	15%	1%
	Unsealed Roads	602	550	501	27,185	9%	10%	53%	25%	3%
	Bridges	95	10	1	19,028	10%	50%	30%	10%	0%
	Footpaths	63	25	17	1,855	5%	50%	32%	10%	3%
	Other	5	35	38	814	5%	50%	32%	10%	3%
	<b>sub total</b>	<b>2,209</b>	<b>1,645</b>	<b>1,690</b>	<b>208,691</b>	<b>9.0%</b>	<b>21.8%</b>	<b>52.2%</b>	<b>15.8%</b>	<b>1.2%</b>
Water Supply Network	Water Supply Network	300	300	283	6,262	5%	20%	60%	15%	0%
	<b>sub total</b>	<b>300</b>	<b>300</b>	<b>283</b>	<b>6,262</b>	<b>5.0%</b>	<b>20.0%</b>	<b>60.0%</b>	<b>15.0%</b>	<b>0.0%</b>
Sewerage Network	Sewerage Network	325	200	202	17,312	5%	23%	55%	15%	2%
	<b>sub total</b>	<b>325</b>	<b>200</b>	<b>202</b>	<b>17,312</b>	<b>5.0%</b>	<b>23.0%</b>	<b>55.0%</b>	<b>15.0%</b>	<b>2.0%</b>

# Narromine Shire Council

## Special Schedule No. 7 - Report on Infrastructure Assets (continued) as at 30 June 2015

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV				
						1	2	3	4	5
						refer (4) & (5)				
<b>Stormwater Drainage</b>	Stormwater Network	433	50	42	14,221	5%	20%	42%	30%	3%
	<b>sub total</b>	<b>433</b>	<b>50</b>	<b>42</b>	<b>14,221</b>	<b>5.0%</b>	<b>20.0%</b>	<b>42.0%</b>	<b>30.0%</b>	<b>3.0%</b>
<b>Open Space/ Recreational Assets</b>	Swimming Pools	40	15	33	1,664	0%	20%	60%	20%	0%
	Open Space Recreational	20	150	116	2,007	5%	25%	45%	20%	5%
	<b>sub total</b>	<b>60</b>	<b>165</b>	<b>149</b>	<b>3,671</b>	<b>2.7%</b>	<b>22.7%</b>	<b>51.8%</b>	<b>20.0%</b>	<b>2.7%</b>
<b>Other Infrastructure Assets</b>	Other	18	20	15	178	5%	25%	45%	23%	2%
	<b>sub total</b>	<b>18</b>	<b>20</b>	<b>15</b>	<b>178</b>	<b>5.0%</b>	<b>25.0%</b>	<b>45.0%</b>	<b>23.0%</b>	<b>2.0%</b>
	<b>TOTAL - ALL ASSETS</b>	<b>3,646</b>	<b>2,780</b>	<b>2,820</b>	<b>271,624</b>	<b>9.1%</b>	<b>23.4%</b>	<b>50.1%</b>	<b>16.1%</b>	<b>1.4%</b>

### Notes:

- (1). Satisfactory is defined as "satisfying expectations or needs, leaving no room for complaint, causing satisfaction, adequate".  
The estimated cost to bring assets to a satisfactory standard is the amount of money that is required to be spent on an asset to ensure that it is in a satisfactory standard.  
This estimated cost should not include any planned enhancements (ie.to heighten, intensify or improve the facilities).
- (2). Required Annual Maintenance is "what should be spent to maintain assets in a satisfactory standard.
- (3). Actual Maintenance is what has been spent in the current year to maintain the assets.  
Actual Maintenance may be higher or lower than the required annual maintenance due to the timing of when the maintenance actually occurs.
- (4). Written Down Value is in accordance with Note 9 of Council's General Purpose Financial Statements
- (5). **Infrastructure Asset Condition Assessment "Key"**

<b>1</b>	<b>Excellent</b>	No work required (normal maintenance)
<b>2</b>	<b>Good</b>	Only minor maintenance work required
<b>3</b>	<b>Average</b>	Maintenance work required

<b>4</b>	<b>Poor</b>	Renewal required
<b>5</b>	<b>Very Poor</b>	Urgent renewal/upgrading required

## Narromine Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)  
for the financial year ended 30 June 2015

\$ '000	Amounts	Indicator	Prior Periods	
	2015	2015	2014	2013
<b>Infrastructure Asset Performance Indicators Consolidated</b>				
<b>1. Building, Infrastructure &amp; Other Structures</b>				
<b>Renewals Ratio</b>				
Asset Renewals				
(Building, Infrastructure & Other Structures) <sup>(1)</sup>	<u>5,676</u>	<b>130.48%</b>	86.43%	64.87%
Depreciation, Amortisation & Impairment	<u>4,350</u>			
<b>2. Infrastructure Backlog Ratio</b>				
Estimated Cost to bring Assets to a Satisfactory Condition	<u>3,646</u>			
Total value <sup>(2)</sup> of Infrastructure, Building, Other Structures & depreciable Land Improvement Assets	<u>271,624</u>	<b>1.34%</b>	5.70%	8.00%
<b>3. Asset Maintenance Ratio</b>				
Actual Asset Maintenance	<u>2,820</u>			
Required Asset Maintenance	<u>2,780</u>	<b>1.01</b>	1.00	0.93
<b>4. Capital Expenditure Ratio</b>				
Annual Capital Expenditure	<u>7,578</u>			
Annual Depreciation	<u>5,166</u>	<b>1.47</b>	1.04	0.70

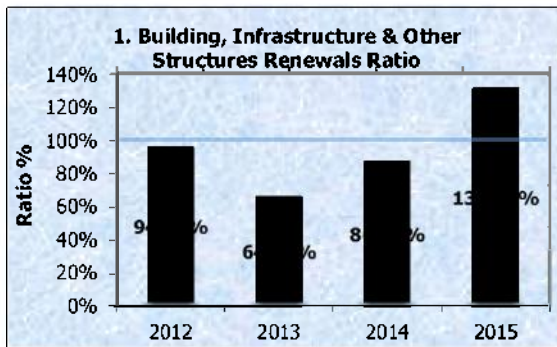
## Notes

<sup>(1)</sup> Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. Asset Renewals include building, infrastructure & Other Structure assets only.

<sup>(2)</sup> Written Down Value

Narromine Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)  
for the financial year ended 30 June 2015



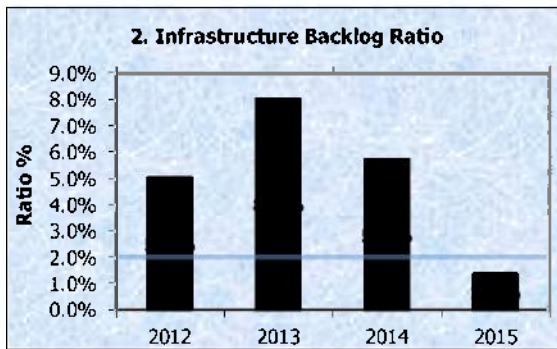
**Purpose of Asset Renewals Ratio**

To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

2014/15 Ratio 130.48%

Benchmark: Minimum  $\geq 100.00\%$   
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark  
Ratio is outside Benchmark



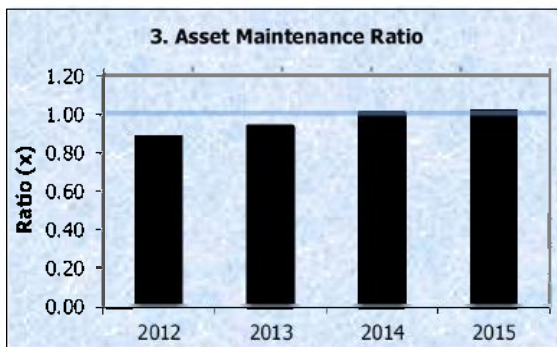
**Purpose of Infrastructure Backlog Ratio**

This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

2014/15 Ratio 1.34%

Benchmark: Maximum  $< 0.02$   
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark  
Ratio is outside Benchmark



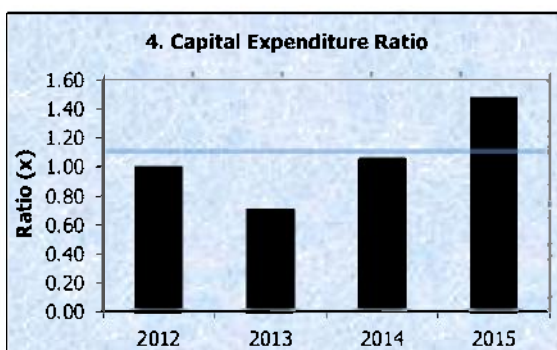
**Purpose of Asset Maintenance Ratio**

Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the Infrastructure Backlog growing.

2014/15 Ratio 1.01 x

Benchmark: Minimum  $> 1.00$   
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark  
Ratio is outside Benchmark



**Purpose of Capital Expenditure Ratio**

To assess the extent to which a Council is expanding its asset base thru capital expenditure on both new assets and the replacement and renewal of existing assets.

2014/15 Ratio 1.47 x

Benchmark: Minimum  $> 1.10$   
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark  
Ratio is outside Benchmark

## Narromine Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)  
for the financial year ended 30 June 2015

\$ '000	Water 2015	Sewer 2015	General 2015
<b>Infrastructure Asset Performance Indicators By Fund</b>			
<b>1. Building, Infrastructure &amp; Other Structures</b>			
<b>Renewals Ratio</b>			
Asset Renewals (Building, Infrastructure & Other Structures) <sup>12)</sup>	<b>218.95%</b>	<b>161.18%</b>	<b>125.83%</b>
Depreciation, Amortisation & Impairment			
prior period:	167.33%	102.06%	83.10%
<b>2. Infrastructure Backlog Ratio</b>			
Estimated Cost to bring Assets to a Satisfactory Condition	<b>4.79%</b>	<b>1.88%</b>	<b>1.22%</b>
Total value <sup>13)</sup> of Infrastructure, Building, Other Structures & Depreciable Land Improvement Assets			
prior period:	7.01%	1.94%	6.27%
<b>3. Asset Maintenance Ratio</b>			
Actual Asset Maintenance	<b>0.94</b>	<b>1.01</b>	<b>1.02</b>
Required Asset Maintenance			
prior period:	1.02	0.95	1.01
<b>4. Capital Expenditure Ratio</b>			
Annual Capital Expenditure	<b>1.96</b>	<b>2.08</b>	<b>1.41</b>
Annual Depreciation			
prior period:	3.76	3.51	0.94

## Notes

<sup>(1)</sup> General Fund refers to all of Council's activities except for its Water & Sewer activities which are listed separately.

<sup>(2)</sup> Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. Asset Renewals include building, infrastructure & Other Structure assets only.

<sup>(3)</sup> Written Down Value



## Narromine Shire Council

## Special Schedule No. 9 - Permissible Income Calculation

for the financial year ended 30 June 2016

\$'000		Calculation 2014/15	Calculation 2015/16
<b>Notional General Income Calculation <sup>(1)</sup></b>			
Last Year Notional General Income Yield	a	4,743	4,857
Plus or minus Adjustments <sup>(2)</sup>	b	5	(1)
<b>Notional General Income</b>	<b>c = (a + b)</b>	<b>4,748</b>	<b>4,856</b>
<b>Permissible Income Calculation</b>			
Special variation percentage <sup>(3)</sup>	d		5.90%
or Rate peg percentage	e	2.30%	
or Crown land adjustment (incl. rate peg percentage)	f		0.00%
less expiring Special variation amount	g	-	-
plus Special variation amount	h = d x (c-g)	-	287
or plus Rate peg amount	i = c x e	109	-
or plus Crown land adjustment and rate peg amount	j = c x f	-	-
<b>sub-total</b>	<b>k = (c+g+h+i+j)</b>	<b>4,857</b>	<b>5,143</b>
plus (or minus) last year's Carry Forward Total	l	-	-
less Valuation Objections claimed in the previous year	m	-	-
<b>sub-total</b>	<b>n = (l + m)</b>	<b>-</b>	<b>-</b>
<b>Total Permissible income</b>	<b>o = k + n</b>	<b>4,857</b>	<b>5,143</b>
less Notional General Income Yield	p	4,857	5,143
<b>Catch-up or (excess) result</b>	<b>q = o - p</b>	<b>-</b>	<b>-</b>
plus Income lost due to valuation objections claimed <sup>(4)</sup>	r	-	-
less Unused catch-up <sup>(5)</sup>	s	-	-
<b>Carry forward to next year</b>	<b>t = q + r - s</b>	<b>-</b>	<b>-</b>

## Notes

- The Notional General Income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called "supplementary valuations" as defined in the Valuation of Land Act 1916.
- The Special Variation Percentage is inclusive of the Rate Peg percentage and where applicable crown land adjustment
- Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.
- Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.
- Carry forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the NSW Government Gazette in accordance with section 512 of the Local Government Act 1993. The OLG will extract these amounts from councils' Special Schedule 9 in the Financial Data Return (FDR) to administer this process.



**NARROMINE SHIRE COUNCIL**

**SPECIAL SCHEDULE NO. 9**

**INDEPENDENT AUDITORS' REPORT**

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**REPORT ON SPECIAL SCHEDULE NO. 9**

We have audited the accompanying special purpose financial statement comprising the reconciliation of total permissible general income (Special Schedule No. 9) of Narromine Shire Council for the year ending 30 June 2016.

***Responsibility of Council for Special Schedule No. 9***

The Council is responsible for the preparation and fair presentation of Special Schedule No. 9 in accordance with the Local Government Code of Accounting Practice and Financial Reporting (Guidelines) Update No. 23. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Special Schedule No. 9 that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

***Auditors' Responsibility***

Our responsibility is to express an opinion on Special Schedule No. 9 based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether Special Schedule No. 9 is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in Special Schedule No. 9. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of Special Schedule No. 9, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of Special Schedule No. 9.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Australian Auditing Standards.

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In making our risk assessments, we consider internal controls relevant to the entity's preparation of Special Schedule No. 9 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Independence**

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

**Audit Opinion**

In our opinion, Special Schedule No. 9 of Narramine Shire Council for 2015/16 is properly drawn up in accordance with the requirements of the Office of Local Government and in accordance with the books and records of the Council.

**Basis of Accounting**

Without modifying our opinion, we advise that this schedule has been prepared for distribution to the Office of Local Government for the purposes of confirming that Council's reconciliation of Council's total permissible general income is presented fairly. As a result, the schedule may not be suitable for another purpose.

**HILL ROGERS SPENCER STEER**



**BRETT HANGER**

Partner

Dated at Sydney this 21st day of October 2015